

# **Appendix A391-A460**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders  
Adams Golf, Inc. and subsidiaries:

We have audited the accompanying consolidated balance sheets of Adams Golf, Inc. and subsidiaries as of December 31, 1996 and 1997, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 1998. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Adams Golf, Inc. and subsidiaries as of December 31, 1996 and 1997, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 1998, in conformity with generally accepted accounting principles.

January 16, 1998, except for note \_\_\_\_  
which is as of April \_\_, 1998

F-1

CONFIDENTIAL

UND 06094

## ADAMS GOLF, INC. AND SUBSIDIARIES

## Consolidated Balance Sheets

December 31, 1996 and 1997 and March 31, 1998 (unaudited)

Assets	December 31		March 31,
	1996	1997	1998 (unaudited)
Current assets:			
Cash and cash equivalents	\$ 854,543	1,955,563	602,290
Trade receivables net of allowance for doubtful accounts of \$26,199, \$698,344 and \$1,126,831 in 1996, 1997 and 1998, respectively (note 7)	497,787	7,670,960	14,708,636
Income taxes refundable	-	221,637	221,637
Inventories (notes 2 and 7)	674,737	4,486,563	5,559,699
Prepaid expenses	28,007	509,350	1,106,635
Deferred income tax assets (note 8)	-	390,164	390,164
Other current assets	-	715,670	352,795
Total current assets	2,055,074	15,949,907	22,941,856
Property and equipment, net (note 3)	123,950	603,823	2,094,794
Deferred income tax assets (note 8)	-	182,621	182,621
Other assets, net (note 4)	379,697	623,728	285,705
Total assets	\$ 2,558,721	17,360,079	25,504,976
<u>Liabilities and Stockholders' Equity</u>			
Current liabilities:			
Notes payable	\$ 230,406	-	-
Note payable to shareholder	-	-	1,135,041
Accounts payable	17,526	377,622	1,765,690
Federal income taxes payable	-	1,020,980	2,940,390
Accrued expenses (note 5)	332,423	7,636,157	4,984,496
Total current liabilities	580,355	9,034,759	10,825,617
Stockholders' equity (note 9):			
Common stock, \$.001 par value. Authorized 25,000,000 shares; 11,873,234, 15,719,338 and 18,283,284 (unaudited) shares issued and outstanding at December 31, 1996 and 1997 and March 31, 1998, respectively	11,873	15,719	18,283
Additional paid-in capital	3,126,073	7,773,398	8,850,643
Common stock subscription	-	-	(230,459)
Retained earnings (accumulated deficit)	(1,159,580)	536,203	6,040,892
Total stockholders' equity	1,978,366	8,325,320	14,679,359
Commitments (note 6)			
	\$ 2,558,721	17,360,079	25,504,976

See accompanying notes to consolidated financial statements.

F-2

CONFIDENTIAL

UND 06095

## ADAMS GOLF, INC. AND SUBSIDIARIES

## Consolidated Statements of Operations

	Years ended December 31			Three months ended March 31
	1995	1996	1997	1997 (unaudited)
Net sales	\$ 1,125,115	3,521,783	36,690,090	24,510,808
Cost of goods sold	<u>756,400</u>	<u>1,589,696</u>	<u>9,991,132</u>	<u>5,862,255</u>
Gross profit	<u>368,715</u>	<u>1,932,087</u>	<u>26,698,958</u>	<u>18,648,553</u>
Operating expenses:				
Research and development expenses	18,516	51,101	557,513	96,997
Selling and royalty expenses	312,785	625,897	13,093,174	6,248,196
General and administrative expenses:				
Stock compensation and bonus award (note 9)	—	213,760	8,491,717	—
Provision for bad debts	12,791	51,306	738,805	466,213
Other	<u>268,518</u>	<u>981,219</u>	<u>1,436,995</u>	<u>2,965,198</u>
Total operating expenses	<u>612,610</u>	<u>1,923,283</u>	<u>24,318,198</u>	<u>9,776,604</u>
Operating income (loss)	<u>(243,895)</u>	<u>8,809</u>	<u>2,380,760</u>	<u>8,871,949</u>
Other income (expense):				
Interest income	1,226	3,938	15,325	10,550
Interest expense	—	—	(69,731)	(9,362)
Other	—	—	(47,808)	(100,621)
Income (loss) before income taxes	<u>(242,669)</u>	<u>12,747</u>	<u>2,278,546</u>	<u>8,772,516</u>
Income tax expense (note 8)	—	—	<u>582,763</u>	<u>3,267,827</u>
Net income (loss)	<u>\$ (242,669)</u>	<u>12,747</u>	<u>1,695,783</u>	<u>5,504,689</u>
Income (loss) per common share:				
Basic	<u>\$ (0.06)</u>	<u>.00</u>	<u>.13</u>	
Diluted	<u>\$ (0.06)</u>	<u>.00</u>	<u>.12</u>	

See accompanying notes to consolidated financial statements.

F-3

CONFIDENTIAL

UND 06096

## ADAMS GOLF, INC. AND SUBSIDIARIES

## Consolidated Statements of Stockholders' Equity

Years ended December 31, 1995, 1996 and 1997 and the  
three month period ended March 31, 1998

	Shares of preferred stock	Preferred stock	Shares of common stock	Common stock	Additional paid-in capital	Common stock substitution	Retained earnings (deficit)	Total stockholders' equity
Balance, December 31, 1994 (unaudited)	772,551	\$ 773	1,066,514	\$ 1,067	1,327,799	-	(929,658)	399,981
Conversion of preferred stock to common stock (note 9)	(772,551)	(773)	1,545,102	1,545	(772)	-	-	-
Sale of stock	-	-	4,280,588	4,280	1,452,920	-	-	1,457,200
Stock distribution (note 9)	-	-	4,281,504	4,281	(4,281)	-	-	-
Net loss	-	-	-	-	-	-	(242,669)	(242,669)
Balance, December 31, 1995	-	-	11,173,708	11,173	2,773,666	-	(1,172,327)	1,614,512
Sale of stock	-	-	1,470,326	1,470	594,949	-	-	1,596,419
Common stock repurchased and retired (note 9)	-	-	(770,800)	(770)	(344,542)	-	-	(245,312)
Net income	-	-	11,873,234	11,873	3,126,073	-	12,747	12,747
Balance, December 31, 1996	-	-	2,000,000	2,000	3,648,000	-	(1,159,580)	1,978,568
Stock compensation award (note 9)	-	-	946,104	946	550,223	-	-	3,650,000
Exercise of stock options	-	-	900,000	900	449,100	-	-	551,171
Exchange of debt for common stock (note 9)	-	-	-	-	-	-	-	-
Net income	-	-	15,719,338	15,719	7,773,398	-	1,695,283	450,000
Balance, December 31, 1997	-	-	-	-	-	-	536,203	1,695,283
Stock awards (note 9) (unaudited)	-	-	-	-	-	-	-	-
Exercise of stock options	-	-	-	-	-	-	-	-
Net income (unaudited)	-	-	-	-	-	-	-	-
Balance, March 31, 1998 (unaudited)	-	-	-	-	-	-	5,504,682	8,325,320
							\$ 9,040,892	

See accompanying notes to consolidated financial statements.

F-4

CONFIDENTIAL

UND 06097

## ADAMS GOLF, INC. AND SUBSIDIARIES

## Consolidated Statements of Cash Flows

	Year ended December 31			Three months ended March 31	
	1995	1996	1997	1997	1998
				(unaudited)	
Cash flows from operating activities:					
Net income (loss)	\$ (242,669)	12,747	1,695,783		
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	8,291	19,278	302,589		
Loss on retirement of fixed assets	-	-	134,009		
Stock bonus award	-	-	3,650,000		
Deferred income taxes	-	-	(572,785)		
Allowance for doubtful accounts	-	26,199	672,142		
Changes in assets and liabilities:					
Trade and other receivables	(93,649)	(374,228)	(8,066,952)		
Inventories	(81,470)	(476,467)	(3,811,826)		
Prepaid assets	(27,589)	(418)	(181,343)		
Other current assets	2,860	-	(715,670)		
Other assets	(4,873)	(361,916)	(390,442)		
Accounts payable	40,252	(22,726)	360,096		
Accrued expenses	2,727	329,303	7,301,734		
Federal income taxes payable	-	-	1,020,980		
Net cash provided by (used in) operating activities	<u>(396,120)</u>	<u>(648,228)</u>	<u>1,100,315</u>		
Cash flow from investing activities - purchase of equipment	<u>(9,287)</u>	<u>(121,444)</u>	<u>(770,060)</u>		
Cash flows from financing activities:					
Proceeds from notes payable and line of credit	-	230,406	1,050,000		
Repayment of line of credit borrowings	-	-	(800,000)		
Repayment of notes payable	-	-	(30,400)		
Issuance of common stock	<u>1,457,200</u>	<u>351,107</u>	<u>551,171</u>		
Net cash provided by financing activities	<u>1,457,200</u>	<u>581,513</u>	<u>770,765</u>		
Net increase (decrease) in cash and cash equivalents	<u>1,051,793</u>	<u>(338,159)</u>	<u>1,101,020</u>		
Cash and cash equivalents at beginning of year	<u>190,909</u>	<u>1,242,702</u>	<u>854,543</u>		
Cash and cash equivalents at end of year	<u>\$ 1,242,702</u>	<u>\$ 904,543</u>	<u>\$ 1,955,563</u>		
Supplemental disclosure of cash flow information:					
Interest paid	\$ -	-	69,731		
Income taxes paid	\$ -	-	356,204		
Supplemental disclosure of financing activity - exchange of debt for common stock	\$ -	-	450,000		

See accompanying notes to consolidated financial statements.

F-5

CONFIDENTIAL

UND 06098

## ADAMS GOLF, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

December 31, 1996 and 1997 and March 31, 1998 (unaudited)

(1) Summary of Significant Accounting Policies(a) General

Adams Golf, Inc. (the Company) was founded in 1987. The Company designs, manufactures, markets and distributes golf clubs and provides custom golf club fitting technology. The Company's primary products are fairway woods that are marketed under the trademark "Tight Lies."

The consolidated financial statements include the accounts of Adams Golf, Inc. and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

The consolidated financial statements of the Company as of March 31, 1998 and for the periods ended March 31, 1997 and 1998 are unaudited, but in the opinion of management reflect all adjustments consisting of normal recurring accruals which are necessary for a fair statement of the results of the interim periods presented. Results for interim periods are not necessarily indicative of the results to be expected for a full year or for periods which have been previously reported, due in part to the Company's growth.

(b) Inventories

Inventories are valued at the lower of cost or market and primarily consists of completed golf clubs and component parts. Cost is determined using the first-in, first-out method.

(c) Property and Equipment

Property and equipment are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets, which range from three to seven years.

(d) Revenue Recognition

The Company records revenue as earned, which generally occurs when the product is shipped.

(e) Other Assets and Related Amortization Expense

Other assets consist primarily of the cost of obtaining patents, development costs of an infomercial and various deposits. Patent amortization is computed on the straight-line method over the estimated useful lives of the assets, which range from 5 to 15 years. Infomercial costs are amortized over an 18 month period based on revenues generated

F-6

(Continued)

CONFIDENTIAL

UND 06099

## ADAMS GOLF, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

compared to total estimated revenues resulting from the airing of such infomercial. Amortization expense for the years ended December 31, 1995, 1996 and 1997 was \$3,161, \$3,738 and \$146,411, respectively, and \_\_\_\_\_ (unaudited), and \_\_\_\_\_ (unaudited) for the three month periods ended March 31, 1997 and 1998, respectively.

(f) Research and Development

Research and development costs consist of all costs incurred in planning, design and testing of golf equipment, including salary costs related to research and development, and are expensed as incurred.

(g) Advertising Costs

Advertising costs, other than direct response (infomercial) costs, are expensed as incurred. Non-direct response advertising costs were \$35,300, \$33,503 and \$8,651,420 for the years ended December 31, 1995, 1996 and 1997, respectively, and \_\_\_\_\_ (unaudited) and \_\_\_\_\_ (unaudited) for the three month periods ended March 31, 1997 and 1998, respectively.

(h) Product Warranty

The Company's golf equipment is sold under warranty against defects in material and workmanship for a period of two years. In addition, the Company has a 90 day "no questions asked" return policy. An allowance for estimated future warranty and sales return costs is recorded in the period products are sold.

(i) Income Taxes

The Company accounts for income taxes using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carryforwards. Deferred tax assets and liabilities are measured using enacted rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

(j) Income (Loss) Per Share

The weighted average common shares used for basic net income (loss) per common share was 4,423,146, 11,237,794 and 12,519,392, for the years ended December 31, 1995, 1996 and 1997, respectively, and \_\_\_\_\_ (unaudited) and \_\_\_\_\_ (unaudited) for the three month periods ended March 31, 1997 and 1998, respectively. The effect of dilutive

F-7

(Continued)

CONFIDENTIAL

UND 06100.



## ADAMS GOLF, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

stock options added 459,146 and \_\_\_\_\_ (unaudited) shares for the year ended December 31, 1997 and the three month period ended March 31, 1998, respectively, for the computation of diluted income (loss) per common share. Stock options outstanding for the years ended December 31, 1995 and 1996 and the three month period ended March 31, 1997 were not considered in the computation of net income (loss) per common share since their effect is immaterial or antidilutive.

(k) Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(l) Financial Instruments

The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and accrued expenses approximates fair value due to the short maturity of these instruments.

(m) Impairment of Long-Lived Assets and Long-Lived Assets to Be Disposed Of

The Company adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 121, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of*, on January 1, 1996. This Statement requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceed the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Adoption of this Statement did not impact the Company's financial position, results of operations, or liquidity.

(n) Statements of Cash Flows

The Company considers all short-term highly liquid instruments, with an original maturity of three months or less, to be cash equivalents.

## ADAMS GOLF, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

(a) Comprehensive Income

The Company adopted the reporting and disclosure requirements of Statement of Financial Accounting Standards No. 130, *Reporting Comprehensive Income*, on January 1, 1998. This Statement requires the display of comprehensive income and its components in a financial statement that is displayed in equal prominence with the financial statements that constitute a full set of financial statements. As the Company has not had any comprehensive income components, the reporting and disclosure requirements have not altered the consolidated financial statements presented herein.

(2) Inventories

Inventories consist of the following:

	<u>December 31</u>		<u>March 31,</u>
	<u>1996</u>	<u>1997</u>	<u>1998</u>
			(unaudited)
Finished goods	\$ 41,323	2,063,803	2,526,767
Component parts	<u>633,414</u>	<u>2,422,760</u>	<u>3,032,932</u>
	<u>\$ 674,737</u>	<u>4,486,563</u>	<u>\$ 5,559,699</u>

(3) Property and Equipment, Net

Property and equipment consists of the following:

	<u>December 31</u>		<u>March 31,</u>
	<u>1996</u>	<u>1997</u>	<u>1998</u>
			(unaudited)
Manufacturing equipment	\$ 70,728	142,137	151,979
Office equipment	100,368	660,145	2,237,891
Accumulated depreciation	<u>(47,146)</u>	<u>(198,459)</u>	<u>(295,076)</u>
	<u>\$ 123,950</u>	<u>603,823</u>	<u>2,094,794</u>

F-9

(Continued)

CONFIDENTIAL

UND 06102

## ADAMS GOLF, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

(4) Other Assets, Net

Other assets, net, consist of the following:

	<u>December 31</u>		<u>March 31,</u>
	<u>1996</u>	<u>1997</u>	<u>1998</u>
			(unaudited)
Deposits, including amounts for fixed assets purchased	\$ 97,498	380,836	
Informercial costs	267,677	233,365	
Patents	<u>14,522</u>	<u>9,527</u>	
	<u>\$ 379,697</u>	<u>623,728</u>	

(5) Accrued Expenses

Accrued expenses consist of the following:

	<u>December 31</u>		<u>March 31,</u>
	<u>1996</u>	<u>1997</u>	<u>1998</u>
			(unaudited)
Payroll, bonuses and commissions (see note 9)	\$ 277,810	5,576,134	1,115,699
Sales, property and state income taxes	4,604	271,225	204,501
Royalties	-	392,541	477,163
Advertising	-	470,500	1,311,000
Product warranty and sales returns expense	-	449,260	732,100
Professional services	9,807	340,589	220,491
Other	<u>40,202</u>	<u>136,168</u>	<u>923,542</u>
	<u>\$ 332,423</u>	<u>7,636,157</u>	<u>4,984,496</u>

F-10

(Continued)

CONFIDENTIAL

UND 06103

## ADAMS GOLF, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

(6) Commitments

The Company is obligated under certain noncancelable leases for office space. A summary of the minimum rental commitments under noncancelable leases is as follows:

Years ending  
December 31,

1998	\$ 368,700
1999	456,000
2000	480,400
2001	488,500
2002	512,900
Thereafter	651,400

Rent expense was \$32,540, \$45,603, \$104,480 \$\_\_\_\_\_ (unaudited) and \$\_\_\_\_\_ (unaudited) for the years ended December 31, 1995, 1996 and 1997, and the three months ended March 31, 1997 and 1998, respectively.

The Company had outstanding commitments on letters of credit of \$459,167 at December 31, 1997, and \$\_\_\_\_\_ (unaudited) at March 31, 1998 for the purchase of inventory from foreign vendors.

(7) Line of Credit

The Company entered into a \$1,500,000 revolving line of credit agreement with a bank on May 30, 1997. The line of credit is secured by trade receivables and inventories, matures on May 15, 1998 and bears interest, payable quarterly, at the bank's prime rate (8.5% at December 31, 1997). At December 31, 1997, there was no balance outstanding on this line of credit.

F-11

(Continued)

CONFIDENTIAL

UND 06104

## ADAMS GOLF, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

(8) Income Taxes

Income tax expense (benefit) for the year ended December 31, 1997 consists of the following:

	<u>Year ended December 31, 1997</u>			<u>Three months ended March 31, 1998</u> (unaudited)
	<u>Current</u>	<u>Deferred</u>	<u>Total</u>	
Federal	\$ 1,020,980	(572,785)	448,195	
State	<u>134,568</u>	<u>—</u>	<u>134,568</u>	
	<u>\$ 1,155,548</u>	<u>(572,785)</u>	<u>\$ 582,763</u>	

Actual income tax expense differs from the "expected" income tax expense (benefit) (computed by applying the U.S. federal corporate tax rate of 34% to income (loss) before income taxes for the years ended December 31, 1995, 1996 and 1997, and the three month period ended March 31, 1997 and 35% to income (loss) before income taxes for the three months ended March 31, 1998) as follows:

	<u>Years ended December 31</u>			<u>Three months ended March 31</u> (unaudited)
	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1997</u> <u>1998</u>
Computed "expected" tax expense (benefit)	\$(2,507)	4,334	774,706	
State income taxes, net of federal tax benefit	—	—	88,815	
Change in valuation allowance for deferred tax assets	81,352	(4,334)	(337,558)	
Other	<u>1,155</u>	<u>—</u>	<u>56,800</u>	
	<u>\$ —</u>	<u>—</u>	<u>\$ 582,763</u>	

F-12

(Continued)

CONFIDENTIAL

UND 06105

## ADAMS GOLF, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

The tax effects of temporary differences that give rise to deferred tax assets and deferred tax liabilities are presented below:

	<u>December 31</u>		<u>March 31,</u>
	<u>1996</u>	<u>1997</u>	<u>1998</u>
			(unaudited)
Deferred tax assets:			
Allowance for bad debts	\$ 8,908	237,436	394,391
Research and development costs	7,563	974	-
Bonus Compensation	72,678	-	-
Warranty reserve	-	152,728	256,235
Net operating tax loss carryforwards	<u>289,528</u>	<u>311,100</u>	<u>320,250</u>
Total gross deferred tax assets	478,667	702,238	970,876
Less valuation allowance	<u>(387,667)</u>	<u>(50,109)</u>	<u>(59,752)</u>
Net deferred tax assets	91,010	652,129	911,617
Deferred tax liabilities - infomercial costs	<u>91,010</u>	<u>79,344</u>	<u>51,049</u>
Net	\$ -	<u>572,785</u>	<u>860,568</u>

In assessing the realizability of deferred income tax assets, management considers whether it is more likely than not that some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible.

The valuation allowance for deferred tax assets at December 31, 1997 and 1996 was \$50,109 and \$387,667, respectively. The net change in the total valuation allowance for the years ended December 31, 1997 and 1996 were decreases of \$337,558 and \$4,334, respectively.

At December 31, 1997, the Company has net operating tax loss carryforwards for federal income tax purposes of approximately \$915,000 which are available to offset future federal taxable income through 2010. The availability of the net operating loss carryforwards to reduce future taxable income is subject to certain limitations. As a result of a change in ownership, the Company believes utilization of its net operating tax loss carryforwards is limited to approximately \$62,000 per year for the remaining life of the net operating losses.

(9) Stockholders' Equity(a) Stock Option Plans

In April 1996, the Company adopted the 1996 Stock Option Incentive Plan ("the Stock Option Plan"), pursuant to which stock options covering an aggregate of 800,000 shares of the Company's common stock may be granted. Options awarded under the Stock Option

F-13

(Continued)

CONFIDENTIAL

UND 06106

## ADAMS GOLF, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

Plan (i) are generally granted at prices that equate to or are above fair market value on the date of the grant; (ii) generally become exercisable over a period of one to four years; and (iii) generally expire five years subsequent to award.

At December 31, 1997, there were 140,310 shares available for grant under the Plan. The per share weighted-average fair value of stock options granted during 1996 and 1995 was \$0.06 and \$0.25, respectively, on the date of grant using the Black Scholes option-pricing model with the following weighted-average assumptions: Risk-free interest rate, 8%; expected life, two - five years and expected dividend yield, 0%.

In connection with an employment agreement entered into in September 1995 with the Company's chief executive officer and founder, the Company granted options to acquire 1,520,766 shares of common stock at \$3.75 per share. Vesting of the stock options was conditioned upon meeting certain revenue and earnings requirements, which were met during 1996 and 1997. Also, the agreement provided for a bonus to be paid to the officer in an amount equal to the exercise price of the options plus any related income tax due by the officer upon exercise of the options. The officer notified the Company of his intent to exercise the options in December 1997 with the shares issued in January 1998. Compensation expense of \$2,300,023 and \$213,760 was charged to operations in 1997 and 1996, respectively, to recognize the bonus due to the officer.

In conjunction with a 1996 stock purchase agreement, the Company granted options to a shareholder to acquire an aggregate of 942,632 shares of common stock at option exercise prices ranging from \$3.75 to \$6.25 per share. During 1997, the shareholder exercised the options for an aggregate exercise price of \$549,869.

The Company applies Accounting Principles Board Opinion 25 in accounting for its stock plans and, accordingly, no compensation cost has been recognized for its stock options in the

F-14

(Continued)

CONFIDENTIAL

UND 06107

## ADAMS GOLF, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

financial statements. Had the Company determined compensation cost based on the fair value at the grant date for its stock option under SFAS No. 123, the Company's net income (loss) would have been the pro forma amounts indicated below:

	Years ended December 31,			Three months ended
	1995	1996	1997	March 31
				1997 .. 1998
				(unaudited)
Net income (loss):				
As reported	\$ (242,669)	12,747	1,695,783	
Pro forma	(242,669)	(23,454)	1,577,368	
Diluted income (loss) per common share:				
As reported	\$(0.06)	0.00	0.13	
Pro forma	(0.06)	(0.00)	0.12	

Pro forma net income (loss) reflects only options granted in 1997, 1996 and 1995. Therefore, the full impact of calculating compensation cost for stock options under SFAS No. 123 is not reflected in the pro forma net income (loss) amounts presented above because compensation cost is reflected over the respective options vesting periods of up to four years.

A summary of stock option activity follows:

	Number of Shares	Weighted average exercise price
Options outstanding at December 31, 1994	-	\$ -
Options granted	1,520,766	0.375
Options outstanding at December 31, 1995	1,520,766	0.375
Options granted	1,602,326	0.50
Options outstanding at December 31, 1996	3,123,092	0.44
Options exercised	(946,104)	0.585
Options outstanding at December 31, 1997	2,176,988	0.375
Options granted (unaudited)		
Options exercised (unaudited)		
Options outstanding at March 31, 1998 (unaudited)		\$

F-15

(Continued)

CONFIDENTIAL

UND 06108



## ADAMS GOLF, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

At December 31, 1997, the exercise prices and weighted-average remaining contractual life of outstanding options was \$0.375 and 3.5 years, respectively.

At December 31, 1996 and 1997, the number of options exercisable was 467,970 and 2,114,492, respectively, and the weighted-average exercise price of those options was \$0.375.

(b) Stock Distribution

In connection with the acquisition of a related entity, the Company distributed 4,281,504 shares of common stock to its shareholders during the year ended December 31, 1995. As a result of the common control existing between the Company and the related entity, the transaction was accounted for in a manner similar to a pooling of interest. Accordingly, the transaction resulted in no increase to stockholders' equity since the recorded net asset value of the related entity was not material. The resulting subsidiary has been inactive during the three years ended December 31, 1997 and has no assets or liabilities.

(c) Stock Compensation Award

In December 1997, the Board of Directors of the Company approved a stock compensation award of 2,000,000 shares of common stock to its chief executive officer and founder of the Company. In addition, the Company agreed to pay all income taxes due by the officer relating to such stock award and related tax bonus. The fair market value of the common shares awarded was determined to be \$1.83 per share and taxes were estimated to be a \$2,541,688 for an aggregate award of \$6,191,688. The expense associated with the award has been included in the accompanying statements of operations for the year ended December 31, 1997.

(d) Note with Shareholder Converted to Stock

The Company borrowed \$200,000 from a shareholder in October 1996 and an additional \$250,000 from the same shareholder in 1997. The aggregate notes payable balance of \$450,000 was converted into 900,000 shares of the Company's stock in September 1997.

(e) Stock Conversion

During 1995, the Company amended its Certificate of Incorporation to provide the authority to issue up to 25,000,000 shares of \$.001 per share par value stock. All such shares were to be designated as common stock and, accordingly, all shareholders of preferred stock surrendered such shares for an equivalent number of shares of common stock. As a result of the amendment, no preferred stock is authorized by the Company subsequent to 1995.

ADAMS GOLF, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(f) Stock Split

Effective April \_\_, 1998, the Board of Directors of the Company authorized a two-for-one stock split for holders of record on \_\_\_\_\_. The stock split has been reflected in the accompanying consolidated financial statements and, accordingly, all applicable dollar, share and per share amounts have been restated to reflect the stock split.

F-17

CONFIDENTIAL

UND 06110

A 407

No dealer, salesman or other person has been authorized to give any information or to make any representations not contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorized by the Company, the Selling Stockholders or by any of the Underwriters. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy the shares by anyone, in any jurisdiction in which such offer or solicitation is not authorized, or in which the person making the offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation. Neither the delivery of this Prospectus nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Company since the date hereof.

#### TABLE OF CONTENTS

	Page
Prospectus Summary .....	
Risk Factors .....	
Use of Proceeds .....	
Dividend Policy .....	
Dilution .....	
Capitalization .....	
Selected Financial Information .....	
Management's Discussion and Analysis of Financial Condition and Results of Operations .....	
Business .....	
Management .....	
Certain Transactions .....	
Principal and Selling Stockholders .....	
Description of Capital Stock .....	
Shares Eligible for Future Sale .....	
Underwriting .....	
Legal Matters .....	
Experts .....	
Additional Information .....	
Disclosure Regarding Forward-Looking Statements .....	
Index to Financial Statements .....	F-1

Until \_\_\_\_\_, 1998 (25 days after the date of this Prospectus), all dealers effecting transactions in the Common Stock, whether or not participating in this distribution, may be required to deliver a Prospectus. This is in addition to the obligation of dealers to deliver a Prospectus when acting as Underwriters and with respect to their unsold allotments or subscriptions.

Shares

[ADAMS GOLF LOGO]

Common Stock

PROSPECTUS  
1998

Lehman Brothers

NationsBanc Montgomery Securities

Ferris, Baker Watts  
Incorporated

CONFIDENTIAL

UND 06111

A 408

## PART II

## INFORMATION NOT REQUIRED IN PROSPECTUS

## Item 13. Other Expenses of Issuance and Distribution.

Set forth below are the expenses in connection with the issuance and distribution of the securities being registered hereby other than the underwriting discounts and commissions. All amounts are estimated except the Securities and Exchange Commission and NASD registration fees.

Securities and Exchange Commission registration fee.....	\$
Nasdaq National Market filing fee.....	
NASD listing fee.....	
Legal fees and expenses (other than Blue Sky fees and expenses).....	
Blue Sky fees and expenses.....	
Printing and engraving expenses.....	
Accounting fees and expenses.....	
Transfer Agent and Registrar fees and expenses.....	
Miscellaneous.....	
Total.....	

The Company will bear all of the foregoing fees and expenses.

## Item 14. Indemnification of Directors and Officers.

Article VII of the Registrant's Certificate of Incorporation provides that the Company shall indemnify its directors and officers to the fullest extent permitted by the DGCL.

Section 143 of the DGCL permits a corporation, under specified circumstances, to indemnify its directors, officers, employees or agents against expenses (including attorneys' fees), judgments, fines and amounts paid in settlements actually and reasonably incurred by them in connection with any action, suit or proceeding brought by third parties by reason of the fact that they were or are directors, officers, employees or agents of the corporation, if such directors, officers, employees or agents acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reason to believe their conduct was unlawful. In a derivative action (i.e., one by or in the right of the corporation), indemnification may be made only for expenses actually and reasonably incurred by directors, officers, employees or agents in connection with the defense or settlement of an action or suit, and only with respect to a matter as to which they shall have acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification shall be made if such persons shall have been adjudged liable to the corporation, unless and only to the extent that the court in which the action or suit was brought shall determine upon application that the defendant directors, officers, employees or agents are fairly and reasonably entitled to indemnity for such expenses, despite such adjudication of liability.

Section 102(b)(7) of the DGCL permits a corporation organized under Delaware law to eliminate or limit the personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director subject to certain limitations. Article IX of the Certificate of Incorporation includes the following provision:

A director of this corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of

B-1

CONFIDENTIAL

UND 06112

the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the DGCL or (iv) for any transaction from which the director derived an improper personal benefit. If the DGCL is hereafter amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the corporation shall be eliminated or limited to the fullest extent permitted by the DGCL, as so amended. Any repeal or modification of the foregoing provisions of this Article IX by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

[Prior to the closing of the Offering, the Registrant intends to obtain directors and officers liability insurance.]

The Underwriting Agreement, the proposed form of which is filed herewith, contains provisions by which the Underwriters agree to indemnify the Registrant; each person who controls the Registrant within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, each director of the Registrant, and each officer of the Registrant who signs this Registration Statement which respect to information relating to such Underwriter furnished in writing by such Underwriter for use in the Registration Statement.

#### Item 15. Recent Sales of Unregistered Securities.

Since January 1, 1995, the Registrant has sold the following securities: [These Nos. remain pre-split]

1. In March 1995, the Registrant issued an aggregate of 39,564 shares of Common Stock to Paris McMullin, Hank Hasey and Richard Morland for services rendered.
2. From August 21, 1995 through June 15, 1996, the Registrant sold an aggregate of 1,746,219 shares of Common Stock to Royal and/or an affiliate of Royal for an aggregate purchase price of \$1,189,580.
3. On June 13, 1996, the Registrant sold an aggregate of 88,781 shares of Common Stock to Roland Casati and Clyde and Peggy Smith for an aggregate purchase price of \$56,820.
4. On October 24, 1996, the Registrant sold 349,763 shares of Common Stock to Finis Conner for an aggregate purchase price of \$349,763.
5. On December 19, 1997, the Registrant issued an aggregate of 253,413 shares of Common Stock to Finis Conner, who had exercised options for an aggregate exercise price of \$190,060.
6. On December 31, 1997, the Registrant issued 1,000,000 shares to B.H. Adams for his services to the Company.
7. From April 10, 1996 to the date of this Registration Statement, the Registrant issued 1,059,399 [should be current through 2/26/98] shares of Common Stock to employees who had exercised options for an aggregate price of \$802,049.
8. The Company has granted options to purchase up to 146,832 shares of Common Stock at a weighted average exercise price of \$\_\_\_\_\_. [Note: includes 20,000 VP/Financing].
9. On May 1, 1998, the Registrant issued 450,000 shares to Nick Faldo for his services to the Company.

All transactions described above were deemed to be exempt from registration under the Securities Act in reliance on Section 4(2) of such Securities Act as transactions by an issuer not involving any public offering. The recipients of securities in each such transaction represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the

B-2

CONFIDENTIAL

UND 06113

share certificates issued in such transactions. All recipients had adequate access, through their relationships with the Registrant, to information about the Registrant.

Item 16. Exhibits and Financial Statement Schedules.

(a) Exhibits

- 1.1 Form of Underwriting Agreement\*
- 3.1 Amended and Restated Certificate of Incorporation of the Registrant\*\*
- 3.2 Amended and Restated Bylaws of the Registrant\*\*
- 4.1: 1998 Stock Incentive Plan of the Registrant dated February 26, 1998\*\*
- 4.2 1996 Stock Option Plan dated April 10, 1996\*\*
- 4.3 Registration Rights Agreement dated April \_\_, 1998, among the Registrant and certain stockholders of the Registrant\*\*
- 5.1 Opinion of Arter & Hadden LLP as to legality of securities being offered\*
- 10.1 Agreement between the Registrant and Nick Faldo, dated April \_\_, 1998\*
- 10.2 Revolving Credit Agreement dated February 27, 1998, between Adams Golf Direct Response, Ltd., Adams Golf, Ltd. and NationsBank of Texas, N.A.\*\*
- 10.3 Commercial Lease Agreement dated December 5, 1997, between Jackson Shaw Technology Center II, Ltd. and the Registrant\*\*
- 10.4 Commercial Lease Agreement dated April 6, 1998 between Jackson-Shaw Technology Center II, Ltd. and the Registrant\*\*
- [11.1 Statement Regarding Computation of Per Share Earnings]
- 21.1 Subsidiaries of the Registrant\*\*
- 23.1 Consent of Arter & Hadden LLP (included in their opinion filed as Exhibit 5.1)\*
- 23.2 Consent of KPMG Peat Marwick LLP\*\*
- 24.1 Power of Attorney (included on Page II-\_\_)\*\*
- 27.1 Financial Data Schedule\*\*

\* To be filed by Amendment.

\*\* Filed herewith.

(b) Financial Statement Schedules

Set forth below is a list of the financial statements included as part of this Registration Statement:

[ACCTS. TO PROVIDE]

## Item 17. Undertakings.

(f) *Equity offerings of nonreporting registrants:* The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

(h) *Request for acceleration of effective date.* Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered hereunder the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(i) *Rule 430A.* The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as a part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(b) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For purposes of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

## SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Plano, State of Texas, on May \_\_, 1998.

ADAMS GOLF, INC.

By: \_\_\_\_\_  
B. H. Adams  
Chief Executive Officer and President

## POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS THAT EACH INDIVIDUAL WHOSE SIGNATURE APPEARS BELOW CONSTITUTES AND APPOINTS B. H. ADAMS, RICHARD H. MURLAND AND DARL P. HATFIELD AND EACH OF THEM, HIS TRUE AND LAWFUL ATTORNEYS-IN-FACT AND AGENTS, WITH FULL POWER OF SUBSTITUTION, FOR HIM AND IN HIS NAME, PLACE AND STEAD, IN ANY AND ALL CAPACITIES, TO SIGN ANY AND ALL AMENDMENTS (INCLUDING POST-EFFECTIVE AMENDMENTS) TO THIS REGISTRATION STATEMENT, AND TO SIGN ANY REGISTRATION STATEMENT FOR THE SAME OFFERING COVERED BY THIS REGISTRATION STATEMENT THAT IS TO BE EFFECTIVE UPON FILING PURSUANT TO RULE 462 PROMULGATED UNDER THE SECURITIES ACT, AND ALL POST-EFFECTIVE AMENDMENTS THERETO, AND TO FILE THE SAME, WITH ALL EXHIBITS THERETO AND ALL DOCUMENTS IN CONNECTION THEREWITH, WITH THE SECURITIES AND EXCHANGE COMMISSION, GRANTING UNTO SAID ATTORNEYS-IN-FACT AND AGENTS, AND EACH OF THEM, FULL POWER AND AUTHORITY TO DO AND PERFORM EACH AND EVERY ACT AND THING REQUISITE AND NECESSARY TO BE DONE IN AND ABOUT THE PREMISES, AS FULLY TO ALL INTENTS AND PURPOSES AS HE MIGHT OR COULD DO IN PERSON, HEREBY RATIFYING AND CONFIRMING ALL THAT SAID ATTORNEYS-IN-FACT AND AGENTS OR ANY OF THEM, OR HIS OR THEIR SUBSTITUTE OR SUBSTITUTES, MAY LAWFULLY DO OR CAUSE TO BE DONE BY VIRTUE HEREOF.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed on the \_\_\_\_ day of May, 1998, below by or on behalf of the following persons in the capacities indicated.

<u>Signature</u>	<u>Title</u>
_____ B.H. (Barney) Adams	Chairman of the Board, Chief Executive Officer, and President ( <i>Principal Executive Officer</i> )
_____ Darl P. Hatfield	Senior Vice President - Finance and Administration and Chief Financial Officer ( <i>Principal Financial and Accounting Officer</i> )
_____ Richard H. Murland	Vice President - Operations, Secretary, Treasurer and Director
_____ Paul F. Brown, Jr.	Director

11-5

CONFIDENTIAL

UND 06116

A 413



<u>Roland E. Casati</u>	Director
<u>Finis F. Conner</u>	Director
<u>Mark J. Mulvoy</u>	Director
<u>Stephen R. Patchin</u>	Director

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11-6

CONFIDENTIAL

UND 06117

A 414



CONFIDENTIAL

UND 06118

## Appendix C: Comparable Shareholder Analysis

Institution	ADVIS	AIRW	ELY	CBUK	FO	KTO	NKE	Totals
	Advis	Airworth	Chilway	Cutter & Buck	Fortune Br.	K2	Nike	
	Market	Market	Market	Market	Market	Market	Market	
	Value (\$)	Value (\$)	Value (\$)	Value (\$)	Value (\$)	Value (\$)	Value (\$)	Value (\$)
Barclays Bank Plc	0	3,087,884	32,823,118	0	160,604,127	5,768,310	26,100,105	303,433,284
Harris Associates L.P.	0	0	0	0	0	0	34,431,534	440,185,287
State Street Boston Corporation	0	0	12,221,514	0	123,822,830	1,108,280	160,460,034	250,481,510
Fmr Corporation (Fidelity Management & Research Corp)	0	0	31,817,063	0	64,601	0	280,016,600	291,918,480
Invista Capital Management, Inc.	0	0	0	0	0	0	24,491,325	255,207,280
Sankin, Faye	0	0	265,338	0	151,715,816	0	0	252,481,154
Bankers Trust Company (New York)	0	0	0	583,020	0	0	25,849,791	250,338,349
Delaware Management Company, Inc.	0	974,400	18,036,758	2,030,000	87,990,271	3,911,688	128,947,888	251,803,082
Mellon Bank Corporation	0	0	139,086	0	234,393,816	0	0	234,503,104
Vanguard Group, Inc. (The)	0	2,089,400	28,711,238	0	50,835,026	2,080,760	142,134,468	224,549,143
Prudential Financial Research	0	0	9,104,723	0	85,038,463	2,109,502	141,937,748	214,582,718
Pimco Advisors, L.P.	0	0	0	0	0	0	210,312,900	210,312,900
Lord Abbett & Co.	0	0	1,207,238	0	0	0	288,180,225	289,387,463
American Express Financial Corp	0	0	0	0	164,281,042	0	0	164,281,042
David Stockton Advisors, LP	0	0	0	0	104,466,363	0	0	104,466,363
First Union Corporation	888,250	0	0	1,024,531	33,765,344	0	0	35,674,125
New York State Common Retirement Fund	0	0	12,430,208	3,539,375	93,375,134	4,332,680	31,076,162	146,358,220
Capital Research And Management Company	0	0	0	600,001	42,042,708	9,166,000	87,123,100	145,392,528
Travelers Group Inc.	0	1,876,144	34,685,704	0	0	0	143,540,625	143,540,625
Calpers (California Public Employees Retirement System)	0	0	0	0	97,551,629	414,480	34,429,325	133,437,203
Putnam Investment Management, Inc.	87,701,402	0	17,280,263	0	32,836,078	4,553,504	76,787,081	131,818,255
Capital Guardian Trust Company	0	0	0	0	39,275,350	2,937,592	1,500,064	43,712,006
Cooke & Baker, Inc.	0	0	0	0	0	0	123,600,863	123,600,863
Invesco Capital Management, Inc.	0	0	0	0	76,310,000	0	113,287,872	189,597,872
Cref (Columbia Retirement Equities Fund)	0	0	29,238,130	0	39,431,859	8,828,878	94,075,890	162,565,957
Hatchells And Wilay	0	0	0	0	109,260,514	0	44,008,175	153,268,689
Levin (John A.) & Company, Inc.	0	0	0	0	107,378,789	0	0	107,378,789
Price, T. Rowe Associates	0	0	1,773,800	539,500	88,269,821	0	10,528,022	101,111,044
Sabson (David L.) & Co Inc	0	0	0	0	93,075,282	0	4,923,114	97,998,406
Hidden Asset Management, Lp	0	0	0	0	94,550,081	0	0	94,550,081
Neubauer & Burns Institutional Asset Management	0	0	54,235,089	0	0	0	35,346,289	89,581,378
Franklin Resources Inc	0	0	0	0	16,517,884	29,807,804	45,883,569	92,109,957
Equitable Corporation, (The)	0	0	37,320,336	0	14,231,204	1,227,214	35,900,145	91,276,101
Plainsboro Management Corporation	0	0	0	0	0	0	80,989,894	80,989,894
Oppenheimer Management Corporation	0	0	35,999,475	0	0	0	32,043,760	68,043,235
Northway Trust Corporation	0	0	28,285,110	0	20,315,898	0	43,330,467	89,431,123
Northern Trust Bank, Inc.	0	0	7,432,203	0	58,448,460	2,740,850	35,305,439	86,431,091
Yates - Teacher Retirement System	0	0	3,892,862	0	83,735,128	6,046,400	4,776,787	91,055,185
California State Teachers Retirement System	0	610,000	9,307,500	0	26,442,790	1,430,000	41,029,088	78,700,328
Prudential Insurance Co Of America	0	0	9,311,031	0	17,621,689	889,016	42,446,831	70,000,180
Vantage Global Advisors, Inc.	0	184,800	391,061	0	19,335,147	431,200	83,138,269	87,981,478
Harford Fire Insurance Co	0	0	43,258,380	0	23,996,869	0	0	67,255,249
Morgan (J.P.) & Company Incorporated	0	21,731,200	1,503,918	0	1,528,784	885,004	32,070,404	81,286,653
								56,881,240

CONFIDENTIAL

UND 06119

## Appendix C: Comparable Shareholder Analysis

Institution	ADDY Address 310.425 Market Value (\$)	ASHV Ashworth 310.000 Market Value (\$)	ELV Calway 327.375 Market Value (\$)	CBUK Culverback 323.000 Market Value (\$)	FO Fortuna Br. 327.375 Market Value (\$)	KTO K2 322.000 Market Value (\$)	NKE Nike 347.063 Market Value (\$)	Total Value (\$)
New York State Teachers Retirement Board	0	0	8,938,725	0	22,393,831	0	32,721,775	57,970,331
Nicholas Company, Inc.	0	0	0	0	0	0	35,083,125	58,093,125
Arab Investment Management & Trust Company	0	291,800	4,160,080	350,168	62,689,805	891,720	32,094,152	59,486,984
Massachusetts Mutual Life Insurance Co	0	0	0	0	47,170,388	0	0	47,170,388
Oak Valley Capital Management, Inc.	0	0	0	0	0	0	47,009,884	47,009,884
Wachovia Corporation	0	0	0	0	9,094,385	0	40,345,928	49,440,313
National Life Insurance Co	0	0	0	0	49,011,053	0	0	49,011,053
Kr Capital Advisors	0	0	0	0	0	0	42,087,004	42,087,004
Bene One Corporation	0	0	11,914,339	0	13,781,237	0	10,639,555	36,735,131
Norfolkbank Corporation	0	0	278,400	0	19,973,403	232,300	17,309,184	37,591,184
Tridiv Investment Management Corporation	0	0	0	0	37,578,594	0	0	37,578,594
World Asset Management	0	171,200	2,476,803	0	10,335,721	312,400	23,300,503	37,186,931
Capital International Limited	0	0	0	0	0	0	35,886,703	35,886,703
Naburiger & Bismar	0	0	9,932,088	0	332,578	2,272,600	23,433,313	36,031,379
United States Trust Company of New York	0	0	2,762,052	0	4,352,067	150,200	27,610,722	35,824,441
Colorado Public Employees Retirement Asset (Para)	0	0	9,235,550	0	11,778,600	279,400	13,630,713	34,934,263
Spartan, Kaplan, Birchall & Associates, Inc.	0	0	0	0	93,852,481	0	0	93,852,481
Florida State Board of Administration	0	0	3,285,000	0	0	0	30,110,588	33,395,588
Fluor Corporation	0	0	0	0	31,745,162	0	1,134,206	32,879,368
Boston Partners Asset Management, L.P.	0	0	0	0	32,244,777	0	0	32,244,777
Danver Investment Advisors	0	0	31,483,825	0	0	0	0	31,483,825
Neuberger & Beriman Management, Inc.	0	0	0	0	0	0	31,310,681	31,310,681
Peabody Group, Incorporated	0	1,778,528	6,870,460	0	9,114,729	198,000	14,235,041	31,983,758
Marshall Associates	0	0	23,704,448	0	0	0	30,074,444	53,778,892
First Chicago Nbd Corporation	0	0	14,638,071	0	3,800,801	0	2,384,657	30,833,529
BankAmerica Corporation	0	0	0	0	4,581,336	0	10,357,901	29,671,509
Mississippi Public Employees' Fund System/Donnell Equi	0	59,300	1,710,405	0	12,611,405	787,028	13,333,575	26,407,547
Winnington Trust Company	0	0	2,085,488	0	10,089,522	0	7,581,708	29,756,718
Arm Management Group Inc.	0	7,980,800	13,883,725	0	6,354,558	398,000	705,938	29,203,319
Transmatia Corporation	0	0	0	0	0	0	27,597,309	27,597,309
Cotton, Klingenstein & Marks Incorporated	0	0	25,907,153	0	0	0	0	25,907,153
Grantham Mayo Van Otterloo & Company	0	0	4,653,750	0	19,632,600	0	1,534,238	25,720,600
Pro Bank Corporation	0	0	0	0	17,015,221	6,151,880	2,418,764	25,585,904
Genico Investors Inc	0	0	16,425	0	24,586,172	0	0	24,602,597
Scudder Kemper Investments, Inc.	0	468,000	7,425,908	7,425,908	3,286,944	0	11,788,239	22,933,214
Kensgro	0	8,450,000	241,038	0	2,726,578	0	11,302,612	22,761,249
MacKenzie Financial Corporation	0	0	0	4,130,625	4,883,195	0	13,890,481	22,711,231
Schroder Capital Management Inc.	0	0	0	0	0	22,244,200	0	22,244,200
Institutional Capital Corporation	0	0	22,165,539	0	0	0	0	22,165,539
Newell Associates	0	0	0	0	21,455,881	0	0	21,455,881
Ohio - State Teachers Retirement System	0	0	1,480,280	0	0	1,097,800	16,016,310	21,553,281
Nimble Investors Limited Partnership	0	0	18,271,572	1,162,740	1,781,731	0	0	21,216,043
Fiduciary Capital Management	0	0	0	0	0	0	21,086,024	21,086,024
Steward & Company, Inc.	0	0	0	0	21,019,412	0	0	21,019,412

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UND 06120

## Appendix C: Comparable Shareholder Analysis

Institution	ADDY Address	ASHW Ashworth	BLV. Blythe	CBUK Cullinane	FO Fidelity	KTO Kaiser	NKE Nike
	Value (\$)	Market Value (\$)	Value (\$)	Market Value (\$)	Value (\$)	Market Value (\$)	Market Value (\$)
Check Capital Management Inc.	0	0	20,421,120	0	0	0	20,421,120
Shelton Capital Management Inc.	0	0	0	0	0	0	20,119,218
Penton Investment Management Inc.	0	0	0	0	0	0	13,652,000
Apm Investment Management Inc.	0	0	0	0	0	0	13,652,000
Vestment Research Company	0	0	0	0	0	0	13,652,000
Vishay Associates	0	0	312,101	0	0	0	13,652,000
Real Financial Group, Inc.	0	0	1,103,813	0	0	0	13,652,000
Credit Fund, Inc.	0	0	193,400	0	0	0	13,652,000
Morgan Stanley Asset Management, L.P.	0	0	0	0	0	0	13,652,000
Sleight, Williams, Murray & Company, Inc.	0	0	0	0	0	0	13,652,000
Hillier Lyons Trust Company	0	0	0	0	0	0	13,652,000
Remittance Investment Management, Inc.	0	0	0	0	0	0	13,652,000
Ubs Asset Management (New York) Inc.	0	0	0	0	0	0	13,652,000
Rcm Capital Management	0	0	0	0	0	0	13,652,000
Marshall Lynch & Co., Inc.	0	0	0	0	0	0	13,652,000
Ashford Management Incorporated	0	0	0	0	0	0	13,652,000
Burke Group Inc.	0	0	0	0	0	0	13,652,000
General Electric Investment Corporation (Zweck)	0	0	0	0	0	0	13,652,000
Capital Management Associates, Inc.	0	0	0	0	0	0	13,652,000
Dafichi Mutual Life Insurance Company	0	0	0	0	0	0	13,652,000
Uvas Investment Management Company	0	0	0	0	0	0	13,652,000
Halifax (J.J.) Investments (W.L.) Inc.	0	0	0	0	0	0	13,652,000
National City Corporation	0	0	0	0	0	0	13,652,000
Hibo Holdings Pte	0	0	0	0	0	0	13,652,000
Schwab (Charles) Investment Management, Inc.	0	0	0	0	0	0	13,652,000
Bear, Stearns & Company	0	0	0	0	0	0	13,652,000
U.S. Bancorp (Minnesota)	0	0	0	0	0	0	13,652,000
Mellie	0	0	0	0	0	0	13,652,000
Bank Of New York Co	0	0	0	0	0	0	13,652,000
Central Fidelity Bank Inc	0	0	0	0	0	0	13,652,000
Wells Fargo & Company	0	0	0	0	0	0	13,652,000
Commerzbank AG	0	0	0	0	0	0	13,652,000
Fidelity Trust International	0	0	0	0	0	0	13,652,000
Capital International, S.A.	0	0	0	0	0	0	13,652,000
Nichols-Applegate Capital Management, Inc.	0	0	0	0	0	0	13,652,000
Gladstone Trust Company (The)	0	0	0	0	0	0	13,652,000
Northwestern Plan	0	0	0	0	0	0	13,652,000
Chandler Risk Global Investors Ltd	0	0	0	0	0	0	13,652,000
Chase Manhattan Corporation	0	0	0	0	0	0	13,652,000
Commercial Fund Advisors Inc	0	0	0	0	0	0	13,652,000
Deutsche Bank Ag	0	0	0	0	0	0	13,652,000
Brown Olinco Company	0	0	0	0	0	0	13,652,000
Anderson, Highland And Company	0	0	0	0	0	0	13,652,000

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UND 06121

## Appendix C: Comparable Shareholder Analysis

Institution	ADDY	AGNW	ELY	CHUK	FO	KIO	NRE	Total
	Address	Ashworth	Callaway	CallahanBuck	Fortune Br.	K2	Nike	
	Market Value (\$)	Market Value (\$)	Market Value (\$)	Market Value (\$)	Market Value (\$)	Market Value (\$)	Market Value (\$)	Market Value (\$)
Texas System (University Of)	0	0	418,439	877,844	0	0	1,888,619	12,477,960
Ohio Employees Retirement System (Per)	0	0	1,039,763	0	0	0	7,188,444	12,310,519
Chen Corporation	0	0	0	0	0	0	6,212,002	12,336,777
Marshall & Bailey Corporation	0	0	3,337,560	0	0	0	6,256,371	12,160,119
Essex Asset Management, Inc.	0	0	0	0	0	0	12,162,412	12,162,412
Star Bank N.A., Cincinnati	0	0	3,453,095	0	0	0	12,083,002	12,083,002
Wood, Sluethers And Winthrop	0	0	0	0	0	0	10,825	12,050,857
Abn Amer Chicago Corporation Asset Management Group	0	0	7,430,780	0	0	0	11,407,904	11,407,904
Strong Capital Management, Inc.	0	0	10,980,000	1,027,195	0	0	4,582,851	11,987,111
Wentworth, Hauser And Vothch	0	0	244,276	0	0	0	11,977,125	11,977,125
Ohio Public Employees Retirement System (Per)	0	0	1,504,125	0	0	0	11,324,414	11,324,414
Michigan (State Of) State Treasurer	0	0	78,518	0	0	0	7,384,108	11,471,163
Wellington Management Company	0	0	11,835,323	0	0	0	7,246,809	11,415,429
Legal & General Group Plc	0	0	0	0	0	0	7,001,016	11,393,308
National Westminster Bank Plc	0	0	800,838	0	0	0	7,008,012	11,291,223
Grandlife, Ayr & Wood, Inc	0	6,204,800	4,087,503	0	0	0	10,972,769	10,972,769
Florida State Of Teachers Retirement System	0	0	0	0	0	0	771,825	10,857,396
Green (Alec.) Investment Management	0	0	0	0	0	0	10,805,550	10,805,550
Kanwood Group (The)	0	0	10,773,431	0	0	0	0	10,773,431
Bankwest Financial Corp.	0	0	0	0	0	0	0	0
Chicago Corporation (The)	0	0	8,981,182	0	0	0	0	0
Cambler Investments, Inc.	0	0	0	0	0	0	0	0
Invamass Counsel, Inc.	0	0	0	0	0	0	0	0
Us West, Inc.	0	0	1,412,550	0	0	0	3,838,270	9,707,249
Corporation Research & Management Company, Inc.	0	0	0	0	0	0	8,882,519	9,632,519
Austin, Calvert & Flavin, Inc.	0	0	8,660,081	0	0	0	853,468	9,513,549
Aberdeen Asset Inc	0	0	0	0	0	0	8,422,628	9,422,628
Parsons Bancill (Quincy) Corporation	0	0	0	0	0	0	8,471,230	9,404,219
Griffin-Hedon Asset Management	0	0	0	0	0	0	7,169,407	9,343,209
Joint Herndon Advisors, Inc.	0	0	2,737,400	6,603,888	0	0	0	9,341,188
American General Corporation	0	0	1,625,346	0	0	0	4,248,370	9,172,169
Virginia Retirement System	0	0	0	0	0	0	5,983,850	9,110,501
Commerce Bancshares, Inc.	0	0	60,223	0	0	0	6,328,603	9,019,072
Indiana Life Insurance Co Of New York	0	0	0	0	0	0	8,977,438	8,977,438
Harvard College (President & Fellows Of)	0	0	1,020,600	0	0	0	4,323,725	8,906,007
Grandage, Elroy And Ross	0	0	0	0	0	0	8,817,630	8,817,630
Credit Suisse First Boston Corporation	0	0	0	0	0	0	8,170,411	8,758,858
Safegraph JWA Co Incorporated	0	0	0	8,694,200	0	0	0	8,694,200
Read, Cardiac & Blidwell, Inc.	0	0	0	0	0	0	0	0
Norwest Bank Minnesota, N.A.	0	0	1,935,590	0	0	0	6,572,862	8,508,452
ICMA Retirement Trust-Growth Stock Fund	0	0	4,831,688	0	0	0	3,543,600	8,375,288
Primecap Management Company	0	0	0	0	0	0	8,203,000	8,203,000
Wood Island Associates, Inc.	0	0	0	0	0	0	8,270,594	8,270,594
Pangora Asset Management, Inc.	0	0	221,736	0	0	0	5,303,950	8,231,308

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UND 06122

## Appendix C: Comparable Shareholder Analysis

Institution	ABBY Address Market Value (\$)	ASHV Address Market Value (\$)	ELY Address Market Value (\$)	CBUK Cutter & Buck Market Value (\$)	FO Fertum Br. Market Value (\$)	KTO K2 Market Value (\$)	NKE Nike Market Value (\$)	Total Value (\$)
Ford Advisors, Inc.	0	0	6,433,125	0	1,735,388	0	0	6,168,513
Uth Retirement Systems	0	0	971,813	0	1,975,788	0	5,214,525	6,162,105
Wall Street Advisors	0	4,514,400	3,210,675	0	0	0	0	7,725,075
New Amstar/Am Products, L.P.	0	0	7,655,839	0	0	0	0	7,655,839
Pennell Securities Group Inc.	0	0	1,920,481	0	101,663	0	5,091,909	7,113,150
Pennell Capital Management Corporation	0	0	7,109,286	0	7,437,375	0	324,731	14,671,392
Ston Rock & Farnham	0	0	0	5,241,509	0	0	0	5,241,509
Sinc Capital, Inc.	0	2,164,000	0	0	7,282,763	0	0	9,446,763
Alkermes, Inc. (Life Insurance Company)	0	0	0	0	0	0	0	0
Windsor Capital Management	0	0	0	0	0	0	0	0
Barclays Capital Management	0	0	0	0	7,120,137	0	7,308,800	14,428,937
Norwestair Mutual Investment Services, Inc.	0	0	0	0	2,275,831	0	4,700,363	7,003,494
Jacob Levy Equity Management, Inc.	0	0	0	0	8,291,200	238,800	0	8,529,000
Northeastern Mutual Life Insurance Co.	0	0	0	0	2,242,481	0	0	2,242,481
Frontiers Asset Management, Inc.	0	0	0	0	0	0	4,725,075	4,725,075
Supreme, Inc. (Life Insurance Company)	0	0	0	6,808,694	0	0	0	6,808,694
Raborn & Co., Inc.	0	0	6,608,310	0	6,880,418	0	0	13,488,728
Guardian Investor Services Corporation	0	0	0	0	6,873,436	0	0	6,873,436
Guaranty Trust Bank, Inc.	0	0	3,350,307	0	1,089,854	0	0	4,440,161
Alger (Frost) Management Inc.	0	0	0	0	0	0	0	0
Nomura Asset Management U.S.A. Inc.	0	0	0	0	0	0	0	0
Alciphon Capital Management, Inc.	0	0	6,411,238	0	0	0	2,541,275	8,952,513
General Fia Corporation	0	0	3,827,043	0	4,462,425	0	1,802,484	10,111,955
Mutual Of America Capital Management Corp.	0	0	5,151,713	0	0	0	1,039,556	6,191,269
Bank Of Boston Corporation	0	0	331,374	0	5,316,000	0	328,000	5,647,374
Bank Capital Advisors, Inc.	0	0	41,804	0	41,804	0	5,151,080	5,192,884
Mercantile Bankshares Corporation	0	0	919,200	0	3,184,934	0	2,014,334	4,114,134
Redwood Investment Corporation	0	0	0	0	6,017,020	0	0	6,017,020
Adrian Partners United Partnership	0	0	0	0	2,039,275	0	3,589,488	5,628,763
Paragon Capital Management Inc.	0	0	0	0	236,844	3,761,600	0	3,998,444
Capital International, Inc.	0	5,928,400	0	0	0	0	0	5,928,400
Clayco International Corp	0	10,000	1,103,465	0	402,407	104,390	4,980,374	6,590,636
Clayco, Inc.	0	0	1,350,308	0	0	0	5,723,213	7,073,521
Leslie National Trust, N.A.	0	0	0	0	2,010,958	848,210	1,785,504	4,644,672
DePinco, Itca & Zeto, Inc.	0	0	0	0	0	5,592,400	0	5,592,400
Empire Capital Advisors, Inc.	0	0	1,212,773	0	1,242,904	0	3,082,820	5,538,497
Bridge Investment Council	0	0	0	0	0	0	4,531,903	4,531,903
Amsted & B. D. B. (Bridgeway, Inc.)	0	0	0	0	5,514,233	0	0	5,514,233
Platinum Banker & Associates Ltd.	0	0	3,317,835	0	0	0	0	3,317,835
Coriell Bank N.A.	0	0	0	0	3,025,044	0	1,095,371	4,120,415
Amalgamated Bank Of New York	0	0	0	0	1,231,331	0	3,000,291	4,231,622
Huntington Trust Company, N.A.	0	0	0	0	8,442,528	0	0	8,442,528
Greaves, Taylor & Company	0	0	5,318,033	0	0	0	0	5,318,033

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UND 06123



# Appendix C: Comparable Shareholder Analysis

Institution	ADDY Addis Market Value (\$)	ABRW Ashworth Market Value (\$)	ELY Callaway Market Value (\$)	GRUK Cullard Buck Market Value (\$)	FO Fortuna Br. Market Value (\$)	KTO KQ Market Value (\$)	RIKE Rike Market Value (\$)	Total Value (\$)
American Fire Asset Management	0	0	0	0	5,213,775	0	0	5,213,775
Shea-Walsh Union Fidelity Inc.	0	0	1,297,575	0	2,415,259	0	1,519,844	5,232,688
Shear Asset Management	0	0	0	0	5,149,481	0	0	5,149,481
Northern Trust Company of Connecticut	0	0	0	0	3,894,402	638,000	89,419	5,140,481
Fort Wayne National Bank	0	0	0	518,750	0	0	4,554,473	4,554,473
Law Capital Management, Inc.	0	0	270,225	0	2,224,827	0	2,460,004	4,904,716
Prudential Century Trust, A Division of Bank of Hawaii	0	0	1,582,519	0	960,170	0	2,370,668	4,903,359
Cowan Asset Management	0	288,000	2,116,312	0	4,978,346	0	4,876,346	4,876,346
Chicorp	0	0	0	0	4,025,254	0	443,230	4,468,484
Kealey Asset Management Corp.	0	0	4,700,809	0	0	0	0	4,700,809
Simms Capital Management, Inc.	0	0	0	0	4,695,313	0	0	4,695,313
CSX Capital Management	0	0	0	0	1,414,303	0	3,273,478	4,687,783
New York Life Insurance Co.	0	0	0	0	0	4,852,120	4,852,120	4,852,120
Sands Capital Management, Inc.	0	0	0	0	0	4,812,300	0	4,812,300
ICM Asset Management, Inc.	0	0	0	0	1,177,735	0	3,358,145	4,535,878
Union Bank of California, N.A.	0	0	0	0	432,847	0	4,019,138	4,451,984
Goldman Sachs & Company	0	0	0	0	0	0	4,437,894	4,437,894
Martin & Company, L.P.	0	0	0	0	0	0	4,423,463	4,423,463
AVA	0	0	0	0	0	0	4,409,780	4,409,780
Leads Capital Management Corporation	0	0	0	0	281,710	0	4,334,803	4,334,803
Ruane, Cunniff & Co. Inc.	0	0	0	0	0	0	4,313,278	4,313,278
Cramble & Gamoy, Inc.	0	0	0	0	4,088,770	0	228,263	4,297,023
Addison Capital Management	0	0	0	0	0	0	4,281,782	4,281,782
Amerilio National Bank	0	0	0	0	0	0	0	0
Investec Funds Group, Inc.	0	0	0	0	451,652	3,782,000	0	4,233,652
Kentucky State Oil Teachers Retirement System	0	0	0	0	1,340,434	0	2,847,231	4,187,665
Amitech Bancorporation	0	0	0	0	4,143,009	0	4,709	4,147,718
Pinacote Associates, Ltd.	0	0	0	0	4,113,885	0	0	4,113,885
Investment Advisers Inc (Massachusetts)	0	0	0	0	0	0	4,000,553	4,000,553
Conling Asset Management Company	0	0	0	0	1,021,352	0	3,017,585	4,038,937
Inverco Management & Research, Inc.	0	0	0	0	2,549,658	0	470,623	4,030,281
Salid (Robert W.) & Company, Inc. Investment Management	0	0	19,163	0	1,933,942	15,400	3,985,017	3,985,017
Adius Investment Management Inc.	0	0	0	0	1,232,050	0	1,959,400	3,191,450
Greer & Company	0	233,800	878,000	0	732,459	388,300	2,802,450	3,834,609
Boys, Arnold & Company, Inc.	0	0	0	0	1,111,050	0	2,866,787	3,778,837
Aid Association For Luthierans	0	2,489,000	0	0	419,100	0	875,363	3,778,160
Portadale Asset Management, Inc.	0	0	0	3,773,909	0	0	0	3,773,909
Missouri State Employees' Retirement System	0	0	191,625	0	2,667,539	0	913,954	3,773,117
Blair, E.B. & Company	0	0	0	0	0	0	3,768,539	3,768,539
Columbia Management Co.	0	0	0	0	0	0	3,768,539	3,768,539
Capital Consultants, Inc.	0	0	0	0	0	0	3,750,880	3,750,880
Gardner Lewis Asset Management, Inc.	0	3,724,800	0	0	0	0	0	3,724,800
Cadon Corporation	0	0	2,970,188	0	743,738	0	0	3,713,925

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UND 06124



## Appendix C: Comparable Shareholder Analysis

Institution	ADDFY	ABRW	ELY	CBUK	FO	KTO	NKE	Total
	Address	Address	Callaway	ChatterBuck	Fertine Br.	K2	Nike	
	Market Value (\$)	Market Value (\$)	Market Value (\$)	Market Value (\$)	Market Value (\$)	Market Value (\$)	Market Value (\$)	Value (\$)
Morsonella Bancorporation, Inc. (Missouri)	0	0	1,225,653	0	2,207,378	3,300	475,323	3,710,508
Charwell Investment Partners	0	0	3,675,984	0	0	0	0	3,675,984
Widmann, SIK & Company, Inc.	0	0	0	0	0	0	0	0
Wright Investors' Service	0	0	3,477,984	0	45,075	0	108,244	3,631,313
Guaranty Life Insurance Co. of America	0	0	0	0	0	0	0	0
Carnet And Company, Inc.	0	0	0	0	2,539,318	3,133,900	280,783	3,053,013
Investment Advisory Services, Inc.	0	0	0	6,188	308,848	0	0	3,333,933
Sundrome Life Insurance Company	0	0	0	0	292,888	0	0	3,460,264
Archway Partners, Inc.	0	0	0	0	3,443,317	0	0	3,443,317
Grinnell Capital Management, Inc.	0	0	3,421,075	0	0	0	0	3,421,075
Chesnut And McHenry Asset Management, Inc./M.A.	0	0	0	3,397,913	0	0	0	3,397,913
Chicago Title & Trust Co	0	0	0	0	0	0	0	0
Sanwa Bank California	0	0	719,093	0	1,888,359	0	3,379,088	5,278,088
San Diego Employees Retirement Fed Ashland Nigmt	0	0	0	0	2,584,422	0	954,938	3,539,360
Sunamitex Asset Management Corp.	0	0	4,335,750	0	0	0	762,413	3,344,834
Smith (Charles P.) & Associates, Inc.	0	0	874,550	1,037,500	0	0	0	3,359,750
Fifth Third Bancorp	0	0	0	0	0	0	1,232,335	3,354,358
Flatiron Corporation, Trustee (Randall E. Thomson)	0	0	0	0	0	0	3,201,670	3,201,670
ICMA Retirement Trust-Equity Income Fund	0	0	15,056	0	3,275,076	0	0	3,275,076
Disiplined Investment Advisors	0	0	1,303,276	0	354,402	0	2,867,753	3,237,212
Renaisance Technologies Corp	0	0	1,374,225	0	3,200,325	0	0	3,900,326
Paradigm Asset Management Company, Ltd	0	873,000	0	0	0	169,334	1,663,659	3,188,264
Pacific Income Advisors, Inc.	0	0	0	697,983	480,800	0	1,110,875	3,158,603
Exxon Corporation	0	0	3,133,479	0	987,247	0	0	3,152,953
Alia Financial, Inc.	0	0	0	0	3,101,688	0	2,108,024	3,103,479
Knight's of Columbus	0	0	0	0	2,157,358	0	0	3,103,270
Syria Reinsurance Co	0	0	0	0	3,005,000	0	953,800	3,050,000
Adventus Capital Management	0	30,400	10,850	0	1,174,065	0	0	3,005,000
Glaxo, Robert, Gooden & Solvay, L.P.	0	0	2,917,244	0	0	0	1,765,138	2,894,443
Munder Capital Management, Inc.	0	0	2,485,619	415,000	0	0	0	2,917,644
Cawston-Sandberg Capital Management, Inc.	0	2,880,000	0	0	0	0	0	2,880,000
Axe-Houghton Associates, Inc.	0	0	0	0	1,985,350	0	0	2,880,000
Deutsche Morgan Grenfell, Inc.	0	0	228,403	0	1,116,538	0	1,910,738	2,876,094
Alford Signal Inc.	0	0	0	0	2,662,031	0	1,524,825	2,876,094
Baxter Financial Corporation	0	0	0	0	828,093	0	0	2,852,263
Santa Investment Management Co	0	0	0	0	828,093	0	1,882,500	2,852,263
Manufacturers Life Insurance Co	0	0	0	0	828,093	0	0	2,852,263
BPI Global Asset Management Lp	0	0	105,394	0	0	2,743,400	2,131,837	2,743,400
Affiliated Banks, P.L.C.	0	0	1,244,575	0	0	0	0	2,743,400
Robinson Asset Management of Wisconsin, Inc.	0	0	1,244,575	0	0	0	1,392,532	2,722,501
Manningto Asset Management, L.P.	0	0	2,650,138	0	1,578,344	0	0	2,718,468
Crozier Bank	0	0	0	0	0	0	0	2,696,438
Hisa Investment Advisors, L.L.C.	0	0	0	0	1,905,383	0	700,316	2,691,699
	0	0	0	0	1,035,508	0	1,571,885	2,627,394

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UND 06125

## Appendix C: Comparable Shareholder Analysis

Institution	ADCOY Address \$6,475 Market Value (\$)	ASIRW Ashworth \$14,000 Market Value (\$)	ELY Calway \$72,375 Market Value (\$)	CAUK Cutter & Buck \$75,938 Market Value (\$)	FO Fortune Bk. Market Value (\$)	K2 K2 Market Value (\$)	NKE Nike Market Value (\$)	Total Value (\$)
Bethlehem Steel Corp & Subsidiaries Pension Trust	0	0	0	0	935,203	0	2,688,439	2,688,439
Central Carolina Bank & Trust Company, N.A.	0	0	0	0	841,660	0	1,604,506	2,439,902
Chancellor Lgl Asset Management, Inc.	0	0	15,058	0	0	0	1,666,013	2,422,810
Ferguson, Waldman, Ruff, Purdy & Van Winkle, Inc.	0	0	0	0	1,890,238	0	620,204	2,510,541
Genuity Management Company	0	0	1,724,623	0	743,738	0	37,650	2,506,013
Isachs (Morton H.) & Company, Oba Sachs Company (The)	0	0	0	0	2,504,142	0	0	2,504,142
Konura Asset Management Company Limited	0	0	2,602,078	0	0	0	0	2,602,078
Loup Mason Wood Walker, Incorporated	0	0	420,371	0	1,149,450	0	920,100	2,489,921
Dia Advisors L.L.C.	0	0	0	2,484,063	0	0	0	2,484,063
Crawford Investment Counsel, Inc.	0	0	0	0	0	0	2,451,958	2,451,958
Carver Asset Management Inc.	0	0	0	0	2,390,808	0	0	2,390,808
Nationwide Mutual Insurance Co	0	0	0	0	2,378,655	0	0	2,378,655
Henniger (G.W.) & Associates, Ltd.	0	0	0	2,285,084	0	0	0	2,285,084
Park National Bank	0	0	0	0	2,268,775	0	0	2,268,775
Calid, Norton Trust Company	0	0	0	0	0	0	1,423,641	2,244,691
Novwest Corporation	0	0	0	0	2,201,775	0	0	2,201,775
First Chicago Corporation	0	0	0	0	2,200,168	0	0	2,200,168
Montgomery Securities	0	0	0	0	2,200,077	0	0	2,200,077
First OI America Bank Corporation	0	0	0	0	2,217,420	0	0	2,217,420
Gratiot Asset Management Company	0	0	0	0	2,209,714	0	0	2,209,714
First America Financial Life Insurance Company	0	0	0	0	2,174,047	0	0	2,174,047
Quest Investment Management, Inc.	0	0	0	0	2,169,943	0	0	2,169,943
Old Kent Bank	0	0	0	0	2,159,199	0	0	2,159,199
Bryn Mawr Trust Company, Trust Department (The)	0	0	0	0	2,132,453	0	0	2,132,453
Gunnit Bank	0	0	0	0	2,129,409	0	0	2,129,409
Fulton Bank	0	0	0	0	2,124,637	0	0	2,124,637
Mackay-Shields Financial Corporation	0	0	0	0	2,097,120	0	0	2,097,120
First Manhattan Company	0	0	0	0	2,058,021	0	0	2,058,021
Cooper Mountain Trust Company	0	0	0	0	1,777,119	0	0	1,777,119
Salco Corporation	0	0	0	0	1,653,897	0	0	1,653,897
Edwards A.G., Inc.	0	0	0	0	1,650,200	0	0	1,650,200
Loup Mason Inc.	0	0	0	0	1,614,244	0	0	1,614,244
Louisiana Municipal Police Employees Retirement System	0	0	0	0	1,595,408	0	0	1,595,408
Farr, Miller & Washington, Lb	0	0	0	0	1,582,987	0	0	1,582,987
Salomon Brothers Inc.	0	0	0	0	1,493,439	0	0	1,493,439
Leonetti & Associates, Inc.	0	0	0	0	1,419,457	0	0	1,419,457
Harbor Capital Management Inc	1,732,100	0	0	0	1,803,000	0	0	1,803,000
Dale Asset Management Inc.	0	0	0	0	1,784,958	0	0	1,784,958
Edinburgh Fund Managers Plc	0	0	0	0	1,774,503	0	0	1,774,503
Fund Asset Management, Inc.	0	0	0	0	1,763,803	0	0	1,763,803
Anchor Capital Advisors, Inc.	0	0	0	0	1,754,169	0	0	1,754,169
	0	0	0	0	1,732,500	0	0	1,732,500
	0	0	0	0	1,699,721	0	0	1,699,721
	0	0	0	0	1,209,509	0	0	1,209,509
	0	0	0	0	1,075,201	0	0	1,075,201
	0	0	0	0	1,660,273	0	0	1,660,273
	0	0	0	0	1,663,681	0	0	1,663,681

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UND 06126

## Appendix C: Comparable Shareholder Analysis

Institution	ADDY	ASHW	ELY	CAUK	FO	KYO	NKE	Total
	Adidas	Ashworth	Gallway	Cullerback	Fortune Dr.	N2	Rite	
	488,529	318,000	327,375	515,938	537,893	\$22,000	\$47,000	
	Market	Market	Market	Market	Market	Market	Market	
	Value (\$)	Value (\$)	Value (\$)	Value (\$)	Value (\$)	Value (\$)	Value (\$)	Value (\$)
Edison Venture Management	0	0	0	0	0	0	1,829,009	1,829,009
Diebold Growth Investors, Lp	0	0	0	0	0	0	1,823,000	1,823,000
Manitex Andia & Company, Inc.	0	0	0	0	0	0	1,819,144	1,819,144
Papp (L. Roy) & Associates	0	0	1,602,122	0	0	0	0	1,602,122
Abetco Retirement Plan (The Investment Committee Of)	0	0	0	0	0	0	0	0
Zakke, Barala & Associates, Inc.	0	0	0	0	0	0	1,576,594	1,576,594
Burnley Company (The)	0	0	0	0	0	0	1,543,132	1,543,132
Franklin Life Insurance Co	0	0	0	0	0	0	1,512,871	1,512,871
Old National Bancorp, Evansville	0	191,489	0	0	0	0	1,500,000	1,500,000
Glen Falls National Bank & Trust Company	0	0	0	0	840,478	0	870,170	1,302,138
Deepthi Depathi Bank And Trust Company	0	0	0	0	831,735	0	881,959	1,483,692
Global, Inc.	0	0	1,432,244	0	649,418	0	838,054	1,468,072
Wichita Employees' Retirement Plan Police & Fire Retirement Plan	0	0	0	0	788,913	0	0	1,452,244
Blissman Partners, Inc.	0	0	0	0	1,434,888	0	0	1,434,888
KeyStone Financial, Inc.	0	0	455,059	0	985,316	0	415,091	1,433,465
Fliss Associates Inc.	0	0	1,418,025	0	0	0	0	1,418,025
Bank Mutual Life Insurance Co	0	0	0	0	1,417,964	0	0	1,417,964
Abt Asset Management (Us) Inc.	0	0	0	0	1,417,909	0	0	1,417,909
United Western Bank, National Association	0	0	0	0	1,009,184	0	494,730	1,119,902
Citizens Financial Group, Inc.	0	0	1,312,631	0	0	0	1,301,264	1,281,495
Greenback Investment Management Corporation	0	0	0	0	0	0	58,475	1,280,106
Wendell (David) Associates, Inc.	0	0	0	0	1,353,877	0	0	1,353,877
Rockwell Investment Management, Inc.	0	0	0	0	0	0	1,345,517	1,345,517
Amos Investment Counsel, Inc.	0	0	1,341,379	0	0	0	0	1,341,379
American Century Investment Management Inc.	0	0	0	0	1,318,444	0	0	1,318,444
New Jersey Manufacturers Insurance Co	0	0	1,314,000	0	0	0	0	1,314,000
Alamita/Somnoff Management Corp.	0	0	1,301,681	0	0	0	0	1,301,681
Cordiller Asset Management, Inc.	0	0	0	0	898,853	0	597,094	1,296,355
Northwest Bank Colorado, National Association	0	0	254,700	0	591,462	0	16,354	1,284,517
Heavler, Keogh & Milford Associates, Inc.	0	0	0	0	1,255,344	0	1,203,040	1,285,040
Republic National Bank Of New York	0	0	0	0	1,235,908	0	0	1,235,908
Dodge & Cox Inc	0	0	192,030	0	593,643	0	322,378	1,220,078
Blair (William) & Company Investment Management	0	0	0	0	0	0	0	0
Dunham-Hunt Capital Management	0	1,211,200	0	0	0	0	0	1,211,200
Lepp Mason Capital Management, Inc.	0	0	547,750	0	1,183,169	0	0	1,207,919
Titus (Tadchere Insurance And Annuity Association)	0	0	166,988	0	923,038	0	691,819	1,101,844
First National Bank Of Commerce Trust Group	0	0	125,925	0	415,108	50,800	590,201	1,177,904
Miami City Of Fire Fighters & Police Officers Health Tr	0	0	739,624	0	45,192	0	950,851	1,172,587
Gefen & Glazberg Inc	0	0	801,993	0	172,738	310,000	378,500	1,161,230
Pioneer Trust Bank, N.A.	0	0	0	0	216,085	337,304	603,050	1,136,427
First Quadrant Corporation	0	0	0	0	1,148,112	0	0	1,148,112
Equine Economics, Inc.	0	0	147,828	0	312,220	0	1,148,225	1,148,325
Long, Fair &	0	0	0	0	1,128,800	0	893,546	1,143,392
							0	1,129,000

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UND 06127

## Appendix C: Comparable Shareholder Analysis

Institution	ADDDY Adidas Market Value (\$)	ASHW Ashworth Market Value (\$)	ELY Callaway Market Value (\$)	CBUK CortezBuck Market Value (\$)	FO Fortune Br. Market Value (\$)	K2 K2 Market Value (\$)	NKE Nike Market Value (\$)	Total Value (\$)
Elit Asset Management, Inc.	0	0	0	0	0	0	0	1,126,675
Mano Insurance Service Inc. Dba Mins Capital Management	0	0	0	0	0	0	0	1,122,375
Wheat, First Securities, Inc.	0	0	0	0	0	0	0	1,116,687
Icons Real Estate Trust-Asset Allocation Fund	0	0	0	0	0	0	0	1,110,308
Advanced Investment Management LP	0	0	0	0	0	0	0	1,110,308
Asiatic Pension Plan	0	0	0	0	0	0	0	1,110,308
Dai International Management, Inc.	0	0	0	0	0	0	0	1,110,308
Morav Capital Management	0	0	0	0	0	0	0	1,097,144
Westport Investment Advisors LP	0	0	0	0	0	0	0	1,097,144
Donaldson, Lyden & Jernigan, Inc - Other	0	0	0	0	0	0	0	1,075,278
Knot (David M.)	0	0	0	0	0	0	0	1,075,278
Shufco, Rose & Etienne	0	0	0	0	0	0	0	1,075,278
Elit Asset Management Corporation	0	0	0	0	0	0	0	1,075,278
Regions Financial Corporation	0	0	0	0	0	0	0	1,075,278
Alle First National Bank	0	0	0	0	0	0	0	1,075,278
Advest Group, Inc. (The)	0	0	0	0	0	0	0	1,075,278
Stock Yards Bank And Trust Company	0	0	0	0	0	0	0	1,075,278
Campbell, Newman, Pollinger & Associates, Inc.	0	0	0	0	0	0	0	1,075,278
Bardell & Company	0	0	0	0	0	0	0	1,075,278
Pine Capital Management, Inc.	0	0	0	0	0	0	0	1,075,278
Zell Wallace Jackson Investment Counsel Inc.	0	0	0	0	0	0	0	1,075,278
Intel Corporation	0	0	0	0	0	0	0	1,075,278
Magna Trust Company	0	0	0	0	0	0	0	1,075,278
Manufacture Adair Corporation	0	0	0	0	0	0	0	1,075,278
Equim 847 Holding Corporation	0	0	0	0	0	0	0	1,075,278
Mid Investment Management	0	0	0	0	0	0	0	1,075,278
Gruntal Financial Corporation	0	0	0	0	0	0	0	1,075,278
Equihans Inc. Bro Discretionary	0	0	0	0	0	0	0	1,075,278
Wheeler, Smith & Thomas Asset Management, Inc.	0	0	0	0	0	0	0	1,075,278
First Tennessee National Corporation	0	0	0	0	0	0	0	1,075,278
Emerson Investment Management, Inc.	0	0	0	0	0	0	0	1,075,278
Gardner Investment	0	0	0	0	0	0	0	1,075,278
Dean (CH) & Associates, Inc.	0	0	0	0	0	0	0	1,075,278
One Valley Bank N.A.	0	0	0	0	0	0	0	1,075,278
Amvestco Plo	0	0	0	0	0	0	0	1,075,278
Webcorco Bank Whaling	0	0	0	0	0	0	0	1,075,278
Older Capital Management, Llc	0	0	0	0	0	0	0	1,075,278
Westhill Capital Management, LlcCa	0	0	0	0	0	0	0	1,075,278
Schaefer & Banz Investment Counsel, Inc.	0	0	0	0	0	0	0	1,075,278
Equity & Snyder	0	0	0	0	0	0	0	1,075,278
Geometry Capital Advisors, Inc.	0	0	0	0	0	0	0	1,075,278
Wahley & Robertson, Inc.	0	0	0	0	0	0	0	1,075,278
Bank Boy Advisors, Inc.	0	0	0	0	0	0	0	1,075,278
Ant Capital Management Corp	0	0	0	0	0	0	0	1,075,278

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UND 06128

## Appendix C: Comparable Shareholder Analysis

Initiation	ADDY AD009 Market Value (\$)	ASHW AS009 Market Value (\$)	ELY EL009 Market Value (\$)	CBUK CB009 Market Value (\$)	FO FO009 Market Value (\$)	KTO K2 Market Value (\$)	NIKE NIKE Market Value (\$)	Total Value (\$)
Monarch Capital Management Inc.	0	0	0	0	0	0	547,003	547,003
Wellington, H.O. & Co., Inc.	0	0	0	0	0	0	547,003	547,003
First Security Corporation	0	0	3,475	0	0	0	547,003	547,003
First Commercial Trust Company, Inc.	0	0	0	0	0	0	547,003	547,003
Truist National Bank, Trust Department	0	0	0	0	0	0	547,003	547,003
Lyons, Stupka & Tompkins, Inc.	0	0	630,004	0	0	0	0	630,004
Financial Institutions Retirement Fund	0	0	0	0	0	0	0	0
Abb Investment Management Corp	0	0	829,023	0	0	0	0	829,023
Bar Bank	0	0	0	0	0	0	0	0
Leonid Gerasimov & Co Inc	0	0	0	0	0	0	0	0
Cape Cod Bank & Trust Company	0	0	0	0	0	0	0	0
Citizens Bank-Michigan (Cumer, Dana A.)	0	0	0	0	0	0	0	0
Investment Counselors of Maryland	0	0	0	0	0	0	0	0
Lynch King Capital Management	0	0	342,538	0	0	0	0	342,538
Knight-Ridder News & Media Incorporated	0	0	604,350	0	0	0	0	604,350
CGA Management Capital Management Inc.	0	0	0	0	0	0	0	0
L.G. Investment Management, Ltd	0	0	0	0	0	0	0	0
Kenneth City, Missouri Public School Retirement System	0	0	0	0	0	0	0	0
Leavell, (T) & Associates, Inc.	0	0	0	0	0	0	0	0
Bank of America Bank Corp	0	0	0	0	0	0	0	0
Branch Banking and Trust Company	0	0	0	0	0	0	0	0
Bestamer Trust Company (New Jersey)	0	0	0	0	0	0	0	0
Nbt Bank, N.A.	0	0	0	0	0	0	0	0
First Virginia Bank	0	0	0	0	0	0	0	0
Gannett, Walsh & Kollar, Inc.	0	0	0	0	0	0	0	0
Aon Corporation	0	0	0	0	0	0	0	0
Stallard Advisors, Inc.	0	0	0	0	0	0	0	0
Fluoriday Trust Company (Mass)	0	0	0	0	0	0	0	0
Comerica Capital Corporation	0	0	521,494	0	0	0	0	521,494
MetLife Employees Retirement Fund	0	0	0	0	0	0	0	0
Ohio Company	0	0	0	0	0	0	0	0
Lowell, Wilton A.	0	0	0	0	0	0	0	0
Payson (T.M.) & Company	0	0	0	0	0	0	0	0
Radnor Capital Management, Inc.	0	0	0	0	0	0	0	0
ERG Trust, Inc.	0	0	0	0	0	0	0	0
Procter & Gamble Corporation	0	0	0	0	0	0	0	0
Gruber & McNamee Capital Management	0	0	0	0	0	0	0	0
Wentham Schroder & Company Incorporated	0	0	0	0	0	0	0	0
Persimmon Management Company	0	0	0	0	0	0	0	0
MetLife Capital Management Corporation	0	0	0	0	0	0	0	0
MetLife Capital Management, Inc.	0	0	0	0	0	0	0	0
Stallion Management Company	0	0	0	0	0	0	0	0
RI Insurance Co	0	0	0	0	0	0	0	0
American National Bank & Trust Co Danville, Virginia	0	0	0	0	0	0	0	0

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UND 06129

## Appendix C: Comparable Shareholder Analysis

Institution	ADDDY Address Market Value (\$)	ABRW Address Market Value (\$)	ELY Callaway Market Value (\$)	CBUK Cutter & Buck Market Value (\$)	FO Fortune Br. Market Value (\$)	K2 K2 Market Value (\$)	NKE Nike Market Value (\$)	Total Value (\$)
First Financial Services Group, N.A.	0	0	0	0	0	0	447,004	447,004
Rampart Investment Management Company, Inc.	0	0	0	0	440,384	0	0	440,384
Manitex Trust Company	0	0	0	0	437,979	0	0	437,979
Welch & Feltner, Inc.	0	0	0	0	435,162	0	0	435,162
Phoenix Home Life Mutual Insurance Company	0	0	0	0	78,851	0	345,203	424,054
Lock, Herbert J.	0	0	0	0	0	0	425,918	425,918
Zions First National Bank	0	0	0	0	422,578	0	0	422,578
Bruehl, Goodman Capital Management Company	0	0	0	0	422,203	0	0	422,203
Flaming (Robert) Holdings Limited	0	0	137,833	0	131,469	0	147,882	416,984
Walter, Peck & Crest	0	0	62,803	0	30,960	0	322,143	415,153
Ball And Pore Asset Management Corp.	0	0	0	0	130,200	0	281,208	411,408
Moning & Caldwell	0	0	0	0	409,431	0	0	409,431
United National Bank-Nike Child	0	0	0	0	397,289	0	0	397,289
First Hawaiian Bank, Asset Management Division	0	0	0	0	360,851	0	0	360,851
Fillenhouse Trust Company (The)	0	0	0	0	357,845	0	0	357,845
Int'l Schroder Bank & Trust Company	0	0	0	0	0	0	357,089	357,089
Davidson Partners Investment Counsel	0	0	0	0	0	0	355,813	355,813
Roberts, Glor & Co., Inc.	0	0	0	0	0	0	354,285	354,285
Avatar Investors Associates Corp	0	0	0	0	0	0	351,677	351,677
Peoples Heritage Financial Group, Inc.	0	0	0	0	0	0	378,053	378,053
Gamble, Jones, Murphy & Bart	0	0	0	0	0	0	375,323	375,323
Bohl & Glynn, Inc.	0	0	0	0	354,018	0	0	354,018
Della Capital Management Inc.	0	0	0	0	0	0	357,875	357,875
Alstate Life Insurance Co	0	0	0	0	0	0	357,075	357,075
Provident Investment Advisors, Inc.	0	0	0	0	0	0	351,522	351,522
Bank Of Oklahoma, N.A.	0	0	0	0	349,181	0	0	349,181
Glenmade Trust Company Of New Jersey	0	0	0	0	0	336,800	0	336,800
Alstate Insurance Co	0	0	0	0	0	0	332,261	332,261
Trust Company Of Connecticut	0	0	0	0	0	0	329,438	329,438
Vanguard, Nelson, Scarborough & Macmillan	0	0	0	0	327,249	0	0	327,249
Statevest Group, The	0	0	0	0	20,254	0	305,505	325,759
Applon Partners, Inc./AIA	0	0	0	0	323,038	0	0	323,038
Wells Fargo Bank, A National Association	0	0	0	0	321,485	0	0	321,485
Mead, Adams & Co., Inc.	0	0	0	0	321,485	0	0	321,485
Riggs National Bank, N.A.	0	0	0	0	320,449	0	0	320,449
Miller & Anderson, Inc.	0	0	0	0	319,580	0	0	319,580
Scott & Spelling, Inc.	0	0	0	0	318,985	0	0	318,985
Amfield & Company, Inc.	0	0	12,888	0	250,278	0	54,943	318,912
American National Bank & Trust Company Of Chicago	0	0	0	0	311,759	0	312,966	624,725
Parrott Asset Management, Inc.	0	0	0	0	0	0	311,759	311,759
Green (Philip M.) Associates, Inc.	0	0	0	0	309,336	0	0	309,336
Howard (James C) & Co., Inc.	0	0	0	0	309,327	0	0	309,327
Babson-United Investment Advisors, Inc.	0	0	0	0	308,510	0	0	308,510
Oak Ridge Investments, Lp	0	0	0	0	0	0	0	0

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UND 06130



## Appendix C: Comparable Shareholder Analysis

Institution	ADDDY Address	ASHW Ashworth Market Value (\$)	ELY Cullin Market Value (\$)	CBUK Cullin & Buck Market Value (\$)	FG Fortune Br. Market Value (\$)	KYO K2 Market Value (\$)	NKE Nike Market Value (\$)	Total Value (\$)
Potomac Asset Management Inc.	5000	0	0	0	1,305,583	0	305,908	305,908
Thompson, Slegel & Wainwright, Inc.	5000	0	0	0	300,000	0	0	300,000
North Carolina Trust Company	5000	0	0	0	0	0	0	0
Resource Capital Advisors Inc.	5000	0	0	0	0	0	0	0
Mediation & Company, Inc.	5000	0	0	0	0	0	0	0
Value Line Inc.	5000	0	0	0	0	0	0	0
Landis Associates, Inc.	5000	0	0	0	0	0	0	0
Fidelity International Ltd (Bermuda)	5000	0	0	0	0	0	0	0
National City Bank of Cincinnati	5000	0	0	0	0	0	0	0
Jefferson National Bank	5000	0	0	0	0	0	0	0
Valley Forge Asset Management Corp.	5000	0	0	0	0	0	0	0
San Diego Employees' Retirement Fund	5000	0	0	0	0	0	0	0
Virginia Investment Consultants, Inc.	5000	0	0	0	0	0	0	0
Philadelphia Investment Management Company	5000	0	0	0	0	0	0	0
Chitenden Trust Company	5000	0	0	0	0	0	0	0
Shenoy Financial Services, Inc.	5000	0	0	0	0	0	0	0
Westport Capital Management, Inc.	5000	0	0	0	0	0	0	0
Westport Resources Management, Inc.	5000	0	0	0	0	0	0	0
Lincoln National Corporation	5000	0	0	0	0	0	0	0
Synovus Financial Corporation	5000	0	0	0	0	0	0	0
Seasamer Trust Company of Florida	5000	0	0	0	0	0	0	0
Thompson Trust Fds	5000	0	0	0	0	0	0	0
First National Bank of Southwestern Ohio	5000	0	0	0	0	0	0	0
Lazard Freres & Co	5000	0	0	0	0	0	0	0
Lowes, Breckenridge & Teitelbaum, Inc.	5000	0	0	0	0	0	0	0
Wedge Capital Management	5000	0	0	0	0	0	0	0
SMITH Investment Counselors, Inc.	5000	0	0	0	0	0	0	0
Citizens National Bank of Evansville, Indiana	5000	0	0	0	0	0	0	0
Southwest Bank of Alabama N.A.	5000	0	0	0	0	0	0	0
Washington Pricus Asset Management, Inc.	5000	0	0	0	0	0	0	0
Investment Advisors International	5000	0	0	0	0	0	0	0
Mark Asset Management Corp.	5000	0	0	0	0	0	0	0
Haris (Evansville) & Company	5000	0	0	0	0	0	0	0
Riverfront Funds, Inc.-Income Equity Fund	5000	0	0	0	0	0	0	0
Cinco Inc.	5000	0	0	0	0	0	0	0
San Diego Employees' Retirement Fund-Pulnam	5000	0	0	0	0	0	0	0
Capital Markets Associates, Inc.	5000	0	0	0	0	0	0	0
Allison Management Group	5000	0	0	0	0	0	0	0
Symphony Asset Management Ltd	5000	0	0	0	0	0	0	0
Tomkins County Trust Company-Trust Department	5000	0	0	0	0	0	0	0
Northwest Investment Management, Inc.	5000	0	0	0	0	0	0	0
Gia Investment Management Corporation	5000	0	0	0	0	0	0	0
Tea Group, Inc. (fka)	5000	0	0	0	0	0	0	0
Anast Trust Company, N.A.	5000	0	0	0	0	0	0	0

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UND 06131

## Appendix C: Comparable Shareholder Analysis

Institution	AGDOV Adidas Market Value (\$)	ASHW Ashworth Market Value (\$)	ELY Callaway Market Value (\$)	CLBK CallersBuck Market Value (\$)	FO Fortune Dr. Market Value (\$)	KTO K2 Market Value (\$)	NKE Nike Market Value (\$)	Total Value (\$)
Bank Of New York Trust Company Of Florida, N.A.	0	0	0	0	78,661	0	0	78,661
Guaranty Trust Company Of Missouri (The)	0	0	0	0	73,923	0	0	73,923
Allied Mfg. Inc.	0	0	0	0	19,423	0	43,760	63,181
Norwest Bank Iowa, N.A.	0	0	19,163	0	0	0	42,350	61,519
Turner Investment Partners, Inc.	0	0	0	0	0	0	50,475	50,475
Kidnort Benson Investment Management Ltd.	0	0	0	0	0	0	56,475	56,475
Amco Insurance Company	0	0	0	0	19,184	0	38,050	57,234
Wilmington Trust Of Pennsylvania	0	0	0	0	0	0	47,063	47,063
Scollaps, Lawrence	0	0	0	0	0	0	47,063	47,063
Catalase Asset Management, Inc.	0	0	0	0	42,784	0	0	42,784
Goston Advisors, Inc.	0	0	5,475	0	0	0	34,120	39,595
Norwest Bank Nebraska, N.A.	0	0	19,710	0	0	0	18,825	38,535
Mechanics Bank	0	0	0	0	17,270	0	18,825	35,104
DelVest, Inc.	0	0	0	0	0	0	34,120	34,120
Bank, Mack & Oliver	0	0	0	0	33,808	0	33,808	67,616
Banyan Capital Management, Inc.	0	0	0	0	0	0	28,230	28,230
American Fund Advisors, Inc.	0	0	27,375	0	0	0	0	27,375
Independence Investment Resources, Inc.	0	0	0	0	28,294	0	0	28,294
Columbia Partners, LLC, Investment Management	0	0	0	0	0	0	0	0
Advest Bank And Trust Company	0	0	22,890	0	0	0	23,531	46,421
Chilbank	0	0	0	0	3,982	0	18,825	22,807
Blendwyne Asset Management, Inc.	0	0	0	0	23,538	0	0	23,538
First United Bancshares, Inc.	0	0	5,475	0	0	0	14,119	19,594
Ruddy, Gilbert M., Jr.	0	0	0	0	16,781	0	0	16,781
Norwest Bank Minnesota North, N.A.	0	0	10,950	0	0	0	7,380	18,330
Corning, Vigeon & Co. Edge Fiduciary Advisors	0	0	10,950	0	0	0	0	21,900
Nelson Capital Management Inc./CA	0	0	0	0	0	0	9,413	9,413
Norwest Bank Montana, N.A.	0	0	3,989	0	0	0	4,706	8,695
Norwest Bank Wisconsin National Association	0	0	5,844	0	0	0	0	5,844
Norwest Bank Indiana, N.A.	0	0	5,475	0	0	0	0	5,475
Morgan Asset Management, Inc.	0	0	4,079	0	0	0	0	4,079
Total Institutional Holdings	80,200,162	101,581,138	1,032,417,145	73,206,000	2,521,970,036	207,597,246	5,298,792,895	10,327,683,700

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UND 06132



4/28/98 - WDC Mackenzie Greg Pratt, Dave Brown, Ryan Magnussen, Vance Mackenzie,

#### MARKET

Approximately 1,200 courses with pro shops, and 400 retailers.

- Many courses opened just last week, especially around Calgary.

Duty will be eliminated in one year.

Canadian shows from second week in October to second week in November.

+ July is usually the largest sales month in Canada, so we need to prepare for large late June/early July shipments to WDC.

#### FORECAST

Forecast was for 15,000 clubs this year, but WDC will hit that number with their next order. New target is 40,000 - 60,000 clubs this year (22% left handed!)

- + - Need to see discrepancy report WDC uses for shipments - use with other distributors?

Ran out of several products while I was there and asked for quicker service if possible. Need to work with them on estimated forecasts in order to try to meet their needs.

Buying display racks from Adams' supplier direct at around \$100 - is this the right cost?

#### KNOCK OFFS

Celebrity, 703 Pleasant Valley Road, Diamond Springs, CA 95619 T-916-622-9387/800-829-4653

F-530-622-5963 Dean "Deano" Ramstad

Called Canada saying that they had something that was "almost an Adams". I will ask them to purchase one for Adams.

#### PROMOTIONAL IDEAS

Airfare for x number of WDC people if certain numbers are reached

For \$2800, Ping will fly people to Phoenix, house them and train them in use of fitting center, then give them the fitting center for no

The Score Demo Tour is holding 400  
Discussed the importance of golfers o  
etc. We began thinking of ways to ge

- Pick out 1-2 as special p
- They tell others that they person.
- Find out what US does
- Call Stu Short to make s

Very interested in Licensing - Get thi  
Shirt line from North Carolina - Tayl

- Willow Pointe - 150 do

Lorne Rubenstein is one of Canada's best known golf writers (see attached article) and one of Barney's good friends. Can anything be arranged in order to get some more good press for Barney, Adams and WDC? He is based in Toronto.

Faris, president of Softspikes, and Barney are good friends. WDC represents both firms. WDC will have 60 club pros together for a day of golf. This would be a great opportunity for both presidents to speak to a captive audience of influential pros and enjoy some golf with these pros.

#### PROBLEMS

No demo clubs yet

- Have sold them at 5% above cost to pros, which equals 18% off wholesale
- Industry average is 25-30%

Nevada Bob's ran an ad without clearing it with WDC or Adams - will talk with them about this.

- WDC needs to adhere to this also.

Some discrepancies with shipments, working this out with Marc and Nando. Not a major problem.

A430 -  
A711

nada?  
s to help pay for this.  
gh charity events,

tain Adams contact

em. \$12-\$15/shirt

ADAMS 009405

A 430

**COSTCO**

It has been a very big thorn in their side. 600 woods have made it into Costco stores across Canada (how many stores?) Has created a mixed reaction between the various accounts.

- WDC told the retailers that within 60 days, if any woods were left in the stores, then WDC would buy back any stock the retailers wished to return.

Costco is a very large chain in Canada and has a huge membership. Big impact on many middle end shops. Feeling is that now that most Costco's are out of most *Tight Lies*, so there is no reason to do anything in terms of price support.

However, we need to put a plan in place in case this occurs again, as several other major companies (Callaway, Ping and Taylor Made) have all reacted to similar problems by buying back the Costco stock or helping pros match the Costco pricing. If nothing is put in place, Adams Golf could lose a great deal of pro and retail support.

Suggested policy (all prices in Canadian \$):

- Prices of *Tight Lies* run from \$349 to \$299, with top prices found in private courses which are not affected by Costco. Will concentrate the policy on the \$329 level on down (unless prices falls in the mean time).
- Will split customers into three price points - \$329, \$315 and \$300. Also need to split them into those who can be trusted and those who will abuse the system as well as which customers are close enough to a Costco store to be affected.
- While most pros feel that a \$50 difference between their prices and retailers such as Nevada Bob's is not too difficult to overcome, they feel that they need a smaller difference to deal with Costco. We decided to set that at \$25.
- Pros would get support to offer *Tight Lies* at \$275 to compete with Costco's \$249. Adams Golf would offer the difference (\$54, \$40 or \$25) to be made up in free product (pro price of \$235).
- Those pros that can be trusted would report to WDC how many sales were affected by the Costco pricing each week (those clubs that they had to sell at \$275).
- Those that could not be trusted would have an inventory of their stock taken. WDC would then estimate what percentage of their sales could be impacted by the Costco pricing. (The larger the potential match with Costco patrons, the larger the percentage.) They would receive "no cost" equipment up front.
- Weekly reports regarding stock in the various Costco stores would be made, and once the majority of stock is gone, the program would end.

**VISITS**

Big shows - The travelling shows take place between the second week in Oct. through the second week in Nov. Mid October the best timing, can hit both the Toronto and the Edmonton shows, the largest of the 7 shows.

Next visit suggested for the first week in August - Hit BC area, then participate in meeting with pros (see "Promotions" above).

Calgary Stampede is the first Friday in July and the following ten days

**SET UP**

WDC now has 6-8 agents selling in the field, as well as the equivalent of 8 full time people on inside sales/customer service.

- Call all key customers every two weeks
- Learned a great deal from both Adams and Rick Jerret regarding how to run inside sales, infomercial, etc.
- Handling Softspikes and Rick's grips Absolute, as well as corporate logo apparel, bags, key chains, etc.

Ship goods through a broker in Sweetwater, Montana, usually takes 5-7 days to reach Calgary

E-mail to [wdecmacke@cadvision.com](mailto:wdecmacke@cadvision.com)

ADAMS 009406

## VISITS

Country Hills Golf Course – Brian Miller (pro) has supported WDC from the beginning with Adams (3 years ago?) – also a big Ping supporter. 36 hole course, 18 private and 18 semi private. Built on some ridges and lots of ups and downs. Just getting to build the clubhouse now.

Was not too bad regarding the Costco problem, suggested several points

- Offset the pricing of Costco with payments to allow them to reach their standard margin. Would not want this on every club, just the ones that are forced to discount due to customer pressure to match Costco.
- Buy out the Costco products to eliminate the problem.
- Co-op ads with pros and WDC to either to notify the customers of the Adams Golf product being sold through pro shops, or to highlight the places that WDC will be holding their own demo days.

Felt that there was no need to match Costco price exactly. Could work with \$50 difference between MacGowen or Nevada Bob's but feels that with Costco the pricing differential had to be less, probably \$15-\$25 dollars. Wants to continue to make his 22%-25% margins.

Liked Ping's way of using various local pros in ads internationally in order to cement relationships as well promote Ping. Good feelings could be had all around with such grass roots marketing.

Calgary Golf & Country Club - Vance's home club, membership very monied and most are quite old. Numerous captains of industry and famous lawyers, doctors, etc. 15 year waiting list. Located in the city and most people do not know that it exists. Will hold demo days here. Saw the #1 senior and super senior player as well as the man who ran Ping's demo days. Ping man left Ping due to low pay (\$100/demo day), is interested in working with WDC. Former club pro at Calgary, very involved with women's golf and instruction.

Nevada Bob's - Mike Rockwell – National Buyer Largest customer for WDC, but held up orders during the Costco problem. Now that Costco has next to no clubs, Nevada Bob's has next to no clubs and Greg, Ryan and I have come to visit, they are willing to reorder in May. Also couriered a check for \$20,000 to WDC just after we left, the first time that happened.

Had a discussion regarding the support of Adams and WDC, then discussed our steps to minimize the chance of another parallel shipment. He vented his spleen and discussed options in case this occurred again. We went over various options and stated that Adams Golf would have a plan in place in case it ever was needed. Also stated that we wouldn't match prices as they had to do a bit of selling, and he disagreed on this point.

I brought up the problem of not having his ad reviewed before it was placed, and of the impact that this would have on Adams and WDC. Reminded him of the importance of protecting a trade name and he said that it would not happen again.

Springbank Links at Emerald Bay – Ken Conroy Stopped by on the way to Banff Springs to drop off a few clubs. New course that is just getting a clubhouse (interior racking from a failed Timberline store – very attractive). Good guy, went around to the distributors to pick up various clubs and bags since his boss won't allow him to buy what he wants yet. Already a great looking course.

Banff Springs – Doug Wood 27 hole course in Banff, in midst of rehabilitating the last 9 holes. Attached to the CPR Hotel, site of many rounds of golf by locals as well as thousands of Asian tourists. A very high profile course with a great reputation.

ADAMS 009407

They are adding target greens and bunkers to their driving range, as well as a number of greens for short course practice. Will have Adams and Callaway on the range as main sponsors as well as two other companies. The products of these manufactures will be available for demo and use in short course instruction.

- ++ Note to all regarding the need to have all ads reviewed before publication.
- + Have Calgary's former pro/demo day man help get us into ladies' hands.
- + Costco estimated membership, # of stores.
- + Los Altos Golf & parallel shipments to McGowen Golf, Canadian discounters??
- + Top courses/province
- + Send up logo work and all the ads for use up here. Need IBM compatible.
- + See if is possible to add in small letters "In Canada call 1-800-XXXX"

Ryan is president - doesn't like making calls on pros, but enjoys running the company and giving it vision. Good relation with Sherry, able to hold funds for a while due to exchange fluctuations, but does not want to owe money. Good about paying everything at this time. 36 1/11/61

Vance is VP - very marketing oriented, not money oriented. Is great with demo days and spike changing, is a real people person. But needs to be kept out of the business end.

Dave is VP - Friend of Ryan's, worked for him at Sears and then the bank. One of founders of the their firm. Idea man, contact with most of the suppliers, very sure of himself and can come across as cocky, self-assured. Others have a bit of trouble with his self-important attitude. Handles the Softspikes orders and sees himself as in charge of Vance and Greg. 36 7/1/61

Greg is National Sales Manager - Banking background as well as heavy retail buying experience. Orders the Adams products and handles the inside staff and agents. Nice guy, one child 12 who gets all of his attention. Good mind, but quiet when Dave attends meetings.

Joe is Customer Service - Good guy, around 30 - quiet but works well with the others.

Chris is the Receptionist -

Two big guys in back doing the packing and shipping, one friend of Dave's does evenings three times per week. Largest is Dave's brother.

Two ladies and three others do the inside sales and the customer service.

7/8/98 - Plano - Dave Brown, Greg Pratt, CB

- Reviewed bags and got suggestions - two sets needed for shows.
  - Dave suggested looking at Uni-Max. Will send me the name later.
  - Copy of diskette needs to be given to WDC.
- Visits - August 4 to Vancouver, 5<sup>th</sup> PM to Calgary, 7<sup>th</sup> home
  - Toronto Show - last week in October - come in early on Monday, set up, then visit retailers - see pros at shows.
- Caps - can they do a Canadian hat? Licensed products to help with costs? Perhaps not the right time.
- Demo prices are \$69 for graphite.
- Reviewed possible programs for next year and how to handle them.
- Costco Problem:
  - Two counts in the next 4 weeks to see what is left.
    - Feels sales are down at least 10% due to Costco. Could be more due to the big drop in numbers and the historical sales strength of the June-July-August period.

ADAMS 009408

- No real idea of what will be the demand for "free" clubs
- Nevada Bob's move to Olimar has hurt, and what part of this was caused by Costco?

#### PAYMENT

Will only need one of the two big shipments here, but not sure when that will be

- Can either break down both or ship one on terms
- Need to look at setting up a payment schedule that meets both company's needs and then apply terms to the shipment of goods (as long as the schedule is kept).
- Ryan will examine the orders and reply on acceptability of schedule tomorrow.

Olimar is putting a great deal into television commercial and magazines ads. \$100 more at retail.

1999

- US sales have to be controlled, trans-shipments not allowed
- Costco can't have any product
- Sales programs must be offered by Adams
- Interest in the fairway wood category must continue to be strong
- Any soft launch of a new product will need to include Canada
- Canadian dollar will hold near the 50 cent mark

4.5 million golfers

Would like to see a advertisement schedule for US/Canada

+ Credit for the 36 clubs for the Score Demo Tour

- Faldo and Canadian Open? Can they use him? How?

+ Rubenstein and Barney with Faldo for 18 holes as an award for a sales contest? The National and Nick/Skins Game

8/5/98 - Vancouver - Ryan, Greg, CB

Will give the 18 clubs for the SCORE GVO demo week at N/C. Also will give 100 clubs at \$69.

Discussed the bag program and reviewed pictures.

Also looked at caps, umbrellas, towels, clothing.

Staff shirt possibilities and the fax to all about what they have made with Adams name on it this year.

Thinking of spiffs or incentives to move the product this fall.

Would like a half an hour with Barney in Las Vegas.

Inventory at around 4,500 clubs at this time.

+ Calls into the call center -

- All Canadian orders get shipped out of Calgary? We can then credit Canada each month for US wholesale.
- Shipment costs will be decided by WDC as well as the timing
- Give Canada a data base as well as tracking the flow of clubs.

ADAMS 009409

Meeting in Las Vegas at 12:00 noon to review next year, dinner that night.

8/22/98 - Las Vegas - Barney, Dave B. Greg P., MP, CB

Review of the year and the troubles that they have faced.

Growth of sales, Golf Channel help, 600 demo days, regional advertising, sponsorship of local tours,  
splitting the sales force between Soft Spikes and Adams,

+ Faldo advertising copy would be a great help.

ADAMS 009410

## Adams Golf, Inc. Customer Due Diligence Questionnaire

<u>Customer Name</u>	<u>Contact Name</u>	<u>Interviewer Name</u>	<u>Date</u>
Pete Carlson's Golf & Tennis	Pete Carlson	Charles W. Hawn	4/28/98

1) For how long have you been doing business with Adams Golf?

Approximately 1 year, 1 1/2

Thought about it further - 2 seasons

2) What is your role and title at your company?

Owner

3) Which golf clubs does your company purchase from Adams Golf? At what price do you sell them?

	<u>Price</u>	
	<u>Steel Shaft</u>	<u>Graphite Shaft</u>
<input checked="" type="checkbox"/> Tight Lies	\$ 149	\$ 179
<input checked="" type="checkbox"/> Tight Lies #3	\$ 149	\$ 179
<input checked="" type="checkbox"/> Tight Lies #5	\$ 149	\$ 179
<input checked="" type="checkbox"/> Tight Lies #7	\$ 149	\$ 179
<input checked="" type="checkbox"/> Tight Lies #9	\$ 149	\$ 179
<input type="checkbox"/> Air Assault Drivers	_____	_____
<input type="checkbox"/> Assault <sup>VMI</sup> Irons	_____	_____
<input type="checkbox"/> Assault <sup>VMI</sup> Putters	_____	_____
<input checked="" type="checkbox"/> Have sold some wedges in the past		

- 1 -

**CONFIDENTIAL**

UND 00304

A 436

**Adams Golf, Inc.**  
**Customer Due Diligence Questionnaire**

---

- 4) Approximate your annual dollar volume of Adams Golf club sales. Do you expect business to increase during the next one and two years?

*Did not know - expect to*

- What percent of your equipment sales in a given month are Adams clubs?

*10-20% of club*

- 5) Based on your industry knowledge, how does the growth of Adams Golf compare to that of other golf companies you've seen?

*best growth rate that he has experienced*

*similar Original, Callaway*

*↳ similar*

- 6) Are customers pre-disposed to purchasing the Adams Golf clubs or do you find yourself having to introduce and describe the club to customers?

*come in asking for the club*

- Do Adams clubs increase customer traffic in your store?

*absolutely*

**CONFIDENTIAL**

- 2 -

UND 00305

A 437



**Adams Golf, Inc.**  
**Customer Due Diligence Questionnaire**

---

7) Are Fairway Woods a growing part of your business? Is Adams Golf selling the most units of Fairway Woods?

Growing sector, 1 or 2 in unit selling  
best in last 4-6 months

- What percent of your equipment sales are Fairway Woods today vs. 5 years ago?  
increased significantly  
- drivers used to be the primary product
- Who else are the major players in this space?

8) Do you think Adams Golf will have the ability to develop new products which customers will be pre-disposed to consider buying?

Yes. They would be pre-disposed if innovative  
and well marketed like Fairwood

- Would you consider carrying new product lines from Adams?  
If they thought it would be beneficial to customers
- What would your preference be for a new club?  
irons / driver / putter / wedge  
- offering different shafts

9) What are your impressions of Adams Golf's direct response channel (1-800-number)?  
Do you see the 1-800-number as a source of competition?

Gets interest up - getting fair share of  
product to sell to customers. Enjoys success  
of

- 3 -

**CONFIDENTIAL**

UND 00306

A 438

**Adams Golf, Inc.**  
**Customer Due Diligence Questionnaire**

---

10) How do you rank the Adams Golf clubs versus its competitors - better, worse or the same?  
*Better than most - ultimately the customer decides*

11) Are you satisfied with the service Adams Golf provides to you? How might it improve?  
*would like more direct contact, have a sales man call more often. In house service is good turn around is good, warranties*

12) Do you expect to continue doing business with Adams Golf?

*Yes*

13) Are there any other issues (legal, contractual or otherwise) which you feel are important?

*No other issues*

14) What are your thoughts on knock-offs/clones/copies?

- Heard that someone was suing Adams for patent infringement
- Have not seen many clones personally but knows they are out there.
- Do not like to deal w- with them

**CONFIDENTIAL**

UND 00307

A 439

## Adams Golf, Inc. Customer Due Diligence Questionnaire

<u>Customer Name</u>	<u>Contact Name</u>	<u>Interviewer Name</u>	<u>Date</u>
Dick's Sporting Goods	Joe Beausergneur	Charles Rowe	4/29/98

1) For how long have you been doing business with Adams Golf?

Since February 1998

2) What is your role and title at your company?

Golf buyer for 62 store

3) Which golf clubs does your company purchase from Adams Golf? At what price do you sell them?

	<u>Price</u>	
	<u>Steel Shaft</u>	<u>Graphite Shaft</u>
<input checked="" type="checkbox"/> Tight Lies		199.99
<input checked="" type="checkbox"/> Tight Lies #3		199.99
<input checked="" type="checkbox"/> Tight Lies #5		199.99
<input type="checkbox"/> Tight Lies #7		
<input type="checkbox"/> Tight Lies #9		
<input type="checkbox"/> Air Assault Drivers		
<input type="checkbox"/> Assault <sup>VM</sup> Irons		
<input type="checkbox"/> Assault <sup>VM</sup> Putters		

- 1 -

CONFIDENTIAL

UND 00308

A 440

**Adams Golf, Inc.**  
**Customer Due Diligence Questionnaire**

---

- 4) Approximate your annual dollar volume of Adams Golf club sales. Do you expect business to increase during the next one and two years? expects to grow as # of stores grow 15% / year  
7,500 clubs @ \$139 = \$1,042,500
- What percent of your equipment sales in a given month are Adams clubs?

1% approximately

- 5) Based on your industry knowledge, how does the growth of Adams Golf compare to that of other golf companies you've seen?

Similar to others like Callaway, however, niche business. More like Odyssey - not sure growth would follow for other products

- 6) Are customers pre-disposed to purchasing the Adams Golf clubs or do you find yourself having to introduce and describe the club to customers?

Consumers informed by informational, word of mouth, other players on the golf course

- Do Adams clubs increase customer traffic in your store?

Yes

- 2 -

**CONFIDENTIAL**

UND 00309

A 441

**Adams Golf, Inc.**  
**Customer Due Diligence Questionnaire**

---

7) Are Fairway Woods a growing part of your business? Is Adams Golf selling the most units of Fairway Woods? *yes, but not at a high rate. No, Taylor made is selling more units*

• What percent of your equipment sales are Fairway Woods today vs. 5 years ago?

*not available*

• Who else are the major players in this space?

*Taylor Made Callaway  
Cobra Top Flite*

8) Do you think Adams Golf will have the ability to develop new products which customers will be pre-disposed to consider buying?

*Probably not, believes it is a one niche product*

• Would you consider carrying new product lines from Adams?

*Really compelled by consumer pull*

• What would your preference be for a new club?

*Titanium / ceramic composite woods*

9) What are your impressions of Adams Golf's direct response channel (1-800-number)?

Do you see the 1-800-number as a source of competition?

*not a source of competition, drives  
customer to store*

- 3 -

**CONFIDENTIAL**

UND 00310

A 442

**Adams Golf, Inc.**  
**Customer Due Diligence Questionnaire**

10) How do you rank the Adams Golf clubs versus its competitors - better, worse or the same?  
*better - unique product*

11) Are you satisfied with the service Adams Golf provides to you? How might it improve?

*Sometimes a little difficult to reach  
customer service individual. ~~Adams~~ would  
like Adams to keep in more constant contact*

12) Do you expect to continue doing business with Adams Golf?

*will as long product performs and customer  
demand it*

13) Are there any other issues (legal, contractual or otherwise) which you feel are important?

*no*

14) What are your thoughts on knock-offs/clones/copies?

*- Expects copy-cat products, they do not copy  
knock-offs, difference in performance*

- 4 -

**CONFIDENTIAL**

UND 00311

A 443

DOCUMENT 11 PAGE 1===== (PD 4-MAY-1998 09:11:32,WD 4-MAY-1998 08:59:01) [98DFW2305]SECTET\_2305-C=====9811325=  
=Primary 98DFW2238==Profile: ADAMS GOLF, INC. =====EDGAR COPY=====Client Document:  
=LWALKER  
<Page>

ARTER & HADDEN LLP  
1717 Main Street, Suite 4100  
Dallas, Texas 75201

Direct Dial: (214) 761-4309  
Email: dwashbur@arterhadden.com

May 4, 1998

VIA ELECTRONIC TRANSMISSION  
-----

Securities and Exchange Commission  
450 Fifth Street, N.W.  
Washington, D.C. 20549

Re: Adams Golf, Inc. - Registration Statement on Form S-1  
-----

Ladies and Gentlemen:

On behalf of Adams Golf, Inc. (the "Company") transmitted herewith for filing with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"), is the Company's Registration Statement (the "Registration Statement") on Form S-1, together with certain exhibits thereto, relating to the proposed public offering by the Company. Please note that the Company has excluded the Selected Financial Data for the fiscal years ended December 31, 1993 and 1994 based upon correspondence from Kenneth T. Marceron of the Division of Corporation Finance dated April 21, 1998 wherein the Company was advised that the staff would not object to such exclusion.

The filing fee of \$32,450 has been calculated pursuant to Rule 457(a) under the Securities Act and has been sent via Fedwire to the Commission's lockbox at The Mellon Bank in Pittsburgh, Pennsylvania under the Company's lockbox account number 0001059763.

The Company and the managing underwriters have authorized us to advise you that, as contemplated by Rule 461(a) under the Securities Act, they may make oral requests for the acceleration of the Registration Statement's effectiveness and that they are aware of their respective obligations under the Securities Act.

ADAMS 007323

=DOCUMENT 11 PAGE 2===== (PD 1-MAY-1998 19:51:36,MD 1-MAY-1998 14:28:14) [98DFW2305]SECTET\_2305-C=====9811325=  
=Primary 98DFW2236=Profile: ADAMS GOLF, INC. =====EDGAR COPY=====Client Document:  
=CLARKS=====

<Page>

Securities and Exchange Commission  
May 4, 1998  
Page 2

If you have any questions or comments with regard to the foregoing,  
please do not hesitate to call either the undersigned at (214) 761-4309 or  
Joseph A. Hoffman of this office at (214) 761-4779.

Very truly yours,

J. David Washburn

JDW/jsa

Enclosures

cc: Kenneth L. Guernsey, Esq.  
Karyn R. Smith, Esq.

ADAMS 007324



I know London also wants Adams,

REDACTED

Talk to you guys before I head out.

AML

---

From: Lantier, Brian J  
Sent: Tuesday, May 26, 1998 2:42 PM  
To: Walravens, Patrick D  
Subject: Adams Model  
  
Attachments: ADAMSBAS.XLS

Patrick,  
I'll be out of the office on Thursday & Friday of this week (studying for Saturday's CFA exam). If you need anything from me feel free to call me at home (973) 243-1010.



ADAMSBAS.XLS  
(219 KB)

Thanks.

Brian

---

From: Patrick.Walravens@usccmail.lehman.com  
Sent: Monday, May 25, 1998 12:39 PM  
To: Lantier, Brian J  
Cc: Olga\_Pulido@usccmail.lehman.com  
Subject: Re: Club Pricing



Thank you for the update. Mark is confirmed for the roadshow.

Reply Separator

---

Subject: Club Pricing  
Author: "Lantier, Brian J" <BLantier@EXAMNYC.Lehman.com> at 'usccmail'  
Date: 5/15/98 8:58 AM

Pat,

I'm sure you're in Maui right now, but Callaway did announce last night that they are cutting their wholesale prices on Warbird, Great Big Bertha, & Biggest Big Bertha to encourage retailers to increase stocks and lower retail price points.

So I guess you'll have to throw my thoughts on club pricing out the window. We'll have to review the size of these price cuts. Also, I had a great conversation yesterday with Mark Gonsalves on Callaway, the USGA rulings board and Orlimar. I got some great info that further boosted my confidence in the Adams model (Did we confirm Mark for the Roadshow?).

Hope your trip was excellent.

UND 08482

## Adams Golf, Inc. Customer Due Diligence Questionnaire

<u>Customer Name</u>	<u>Contact Name</u>	<u>Interviewer Name</u>	<u>Date</u>
Chun Shin Corporation <del>Chun Shin Corporation</del>	Mr. Jerry Ha	Charles Hare	5/24/98

1) For how long have you been doing business with Adams Golf?

4 months - exclusive distributor

Working with Adams for over a year

2) What is your role and title at your company?

Owner - exclusive distributor for South Korea

3) Which golf clubs does your company purchase from Adams Golf? At what price do you sell them? International - distributor in South Korea

	Price	
	Steel Shaft	Graphite Shaft
<input checked="" type="checkbox"/> Tight Lies		\$400 US
<input checked="" type="checkbox"/> Tight Lies #3		400 US
<input checked="" type="checkbox"/> Tight Lies #5		400 US
<input checked="" type="checkbox"/> Tight Lies #7		400 US
<input checked="" type="checkbox"/> Tight-Lies #9		400 US
<input type="checkbox"/> Air Assault Drivers		
<input type="checkbox"/> Assault <sup>VM</sup> Irons		
<input type="checkbox"/> Assault <sup>VM</sup> Putters		

- 1 -

**CONFIDENTIAL**

UND 00288

A 447

## Adams Golf, Inc. Customer Due Diligence Questionnaire

- 4) Approximate your annual dollar volume of Adams Golf club sales. Do you expect business to increase during the next one and two years? 3,000 units per year - \$1.2M  
expect to increase in the future
- What percent of your equipment sales in a given month are Adams clubs?  
represent 5 major brands Adams represents 10-20%  
expects to increase to 40%
- Ben Hogan
  - Carrera
  - theGregor
  - True Line
  - Adams
- 5) Based on your industry knowledge, how does the growth of Adams Golf compare to that of other golf companies you've seen?
- Last few years have grown tremendously  
Seeing more knock-offs trying to take market share
  - But thinks that they cannot match quality/performance
  - Making fairway driver market larger
  - Best in quality/performance
- 6) Are customers pre-disposed to purchasing the Adams Golf clubs or do you find yourself having to introduce and describe the club to customers?
- Some customers already know about club and ask for it specifically
  - See information while travelling in U.S.
  - Still some education of customers of technical benefits
- Do Adams clubs increase customer traffic in your store?

-2-

**CONFIDENTIAL**

UND 00289

A 448

**Adams Golf, Inc.**  
**Customer Due Diligence Questionnaire**

7) Are Fairway Woods a growing part of your business? Is Adams Golf selling the most units of Fairway Woods?

Yes

What percent of your equipment sales are Fairway Woods today vs. 5 years ago?

Who else are the major players in this space?

Does not represent other fairway wood companies

8) Do you think Adams Golf will have the ability to develop new products which customers will be pre-disposed to consider buying?

Yes, thinks reputation is good for marketing innovative products

Would you consider carrying new product lines from Adams?

Yes

What would your preference be for a new club?

Driver would be logical if innovative and different than other products

9) What are your impressions of Adams Golf's direct response channel (1-800-number)? Do you see the 1-800-number as a source of competition?

Educates the marketplace, does not see it as competition

-3-

**CONFIDENTIAL**

UND 00290

A 449

09/03/06 14:32 LEVIN BROTHERS 7 410 659 4532

NO. 289 108

**Adams Golf, Inc.**  
**Customer Due Diligence Questionnaire**

- 10) How do you rank the Adams Golf clubs versus its competitors - better, worse or the same?

Thanks they are number 1 - reputation and market share

- 11) Are you satisfied with the service Adams Golf provides to you? How might it improve?

Very satisfied right now - only complaint is lead time in getting product for International market - some times difficult getting in touch with right contact person

- 12) Do you expect to continue doing business with Adams Golf?

Sure, of course

- 13) Are there any other issues (legal, contractual or otherwise) which you feel are important?

No

- 14) What are your thoughts on knock-offs/clones/copies?

Cannot match performance or instill confidence like Tight Lies

- 4 -

**CONFIDENTIAL**

UND 00291

A 450

## Adams Golf, Inc. Customer Due Diligence Questionnaire

<u>Customer Name</u>	<u>Contact Name</u>	<u>Interviewer Name</u>	<u>Date</u>
Southern Springs, Inc.	Henry Lange	Charles Hare	5/21/99

1) For how long have you been doing business with Adams Golf?

July 97

2) What is your role and title at your company?

VP of Sales - In charge of purchasing  
General Manager  
24 Locations

3) Which golf clubs does your company purchase from Adams Golf? At what price do you sell them?

	Price	
	Steel Shaft	Graphite Shaft
<input checked="" type="checkbox"/> Tight Lies	<del>_____</del>	\$199.59
<input checked="" type="checkbox"/> Tight Lies #3	<del>_____</del>	199.99
<input checked="" type="checkbox"/> Tight Lies #5	<del>_____</del>	199.99
<input checked="" type="checkbox"/> Tight Lies #7	<del>_____</del>	199.99
<input checked="" type="checkbox"/> Tight Lies #9	<del>_____</del>	199.99
<input type="checkbox"/> Air Assault Drivers	<del>_____</del>	_____
<input type="checkbox"/> Assault <sup>VM</sup> Irons	<del>_____</del>	_____
<input type="checkbox"/> Assault <sup>VM</sup> Putters	<del>_____</del>	_____

- 1 -

**CONFIDENTIAL**

UND 00312

A 451

**Adams Golf, Inc.**  
**Customer Due Diligence Questionnaire**

- 4) Approximate your annual dollar volume of Adams Golf club sales. Do you expect business to increase during the next one and two years? *Approx \$500,000*  
*expects to triple*
- What percent of your equipment sales in a given month are Adams clubs?  
*Today less than 5%*  
*good growth potential*
- 5) Based on your industry knowledge, how does the growth of Adams Golf compare to that of other golf companies you've seen?  
*compares to Callaway in growth rate*
- 6) Are customers pre-disposed to purchasing the Adams Golf clubs or do you find yourself having to introduce and describe the club to customers?  
*- Coming in and asking about club actual purchase decision made at retail location*
- Do Adams clubs increase customer traffic in your store?  
*Yes, has increased customer*

- 2 -

**CONFIDENTIAL**

UND 00313

A 452

**Adams Golf, Inc.**  
**Customer Due Diligence Questionnaire**

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- 7) Are Fairway Woods a growing part of your business? Is Adams Golf selling the most units of Fairway Woods? *generated a new category in fairway woods*  
*Adams selling the most fairway woods, but competition is coming*
- What percent of your equipment sales are Fairway Woods today vs. 5 years ago?  
*Selling more today due to new category, but cannot estimate*
- Who else are the major players in this space?  
*Taylor made - ranker      Orlimar - is only real competition to Adams*  
*Cobra - buffer      Knock-offs*
- 8) Do you think Adams Golf will have the ability to develop new products which customers will be pre-disposed to consider buying?  
*He thinks this is definitely possible*
- Would you consider carrying new product lines from Adams?  
*Yes      concerned about manufacturing retailer margins*
- What would your preference be for a new club?  
*Irons - More opportunity than Woods -*  
*Woods are very competitive*
- 9) What are your impressions of Adams Golf's direct response channel (1-800-number)?  
Do you see the 1-800-number as a source of competition?  
*No sees them as educating marketplace*  
*believes 70% of sales are made in store*

**CONFIDENTIAL**

- 3 -

UND 00314

A 453



**Adams Golf, Inc.**  
**Customer Due Diligence Questionnaire**

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10) How do you rank the Adams Golf clubs versus its competitors - better, worse or the same?

Better - Versus most clubs

Callaway - comparable features  
- Tri-Aulac  
- Brass tungsten

11) Are you satisfied with the service Adams Golf provides to you? How might it improve?

Very satisfied - enjoys dealing w/ Adams people  
outside and insider reps are excellent

12) Do you expect to continue doing business with Adams Golf?

Yes

13) Are there any other issues (legal, contractual or otherwise) which you feel are important?

would like to buy some stock, commented that  
Callaway offered him the opportunity to buy stock.

14) What are your thoughts on knock-offs/clones/copies?

- Not in knock-off business

- Sells some with similar features, warns them  
for competitive reasons but believes they do not have the  
same performance.

- 4 -

**CONFIDENTIAL**

UND 00315

A 454

---

From: Lantier, Brian J  
Sent: Tuesday, May 26, 1998 2:42 PM  
To: Walravens, Patrick D  
Subject: Adams Model  
  
Attachments: ADAMSBAS.XLS

Patrick,  
I'll be out of the office on Thursday & Friday of this week (studying for Saturday's CFA exam). If you need anything from me feel free to call me at home (973) 243-1010.



ADAMSBAS.XLS  
(219 KB)

Thanks.

Brian

UND 08822

A 455

Prior Name & Character	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	2974	2975	2976	2977	2978	2979	2980	2981	2982	2983	2984	2985	2986	2987	2988	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Course 143

**Adams Golf, Inc.**  
1995-2001 Income Statement

1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	2974	2975	2976	2977	2978	2979	2980	2981	2982	2983	2984	2985	2986	2987	2988	2989	2990	2991	2992	2993	2994	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NOT FOR DISTRIBUTION OUTSIDE OF NATIONS BANK MONTGOMERY SECURITIES UNDER ANY CIRCUMSTANCES

**Adams Golf, Inc.**  
5,750,000 Common Shares  
Initial Public Offering

Underwriters	Deal Economics	Roll
Lehman Brothers (lead)	45%	40% (fixed/60% jump)
Nationsbank Montgomery Securities LLC	45%	
Fazlie, Baker Weiss, Inc.	10%	

**Offering Structures**  
Common Shares Offered:  
Over-Allotment Option:  
Filing Range:  
Market Capitalization Range:

**Ticker/Exchange:**  
**Dividend:**

Operation Data (\$ mil)	1995	1996	1997	1998	1999
Revenues	1.1	3.5	10.7	10.0	11.5
Operating Income	(0.2)	0.2	10.8	28.9	43.8
Net Earnings	(0.2)	0.2	7.1	10.0	20.1
EPS	(\$0.05)	\$0.02	\$0.57	\$0.80	\$1.25

Key Ratios	1995	1996	1997	1998	1999
Operating Income Margin	(21.7%)	5.7%	20.4%	28.9%	26.4%
Net Earnings	(21.6%)	7%	18.3%	28.9%	26.4%

Balance Sheet Data (\$ mil)	1995	1996	1997	1998	1999
Total Assets	\$81.1	\$91.1	\$108.7	\$108.7	\$123.0
Total Debt	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Stockholders' Equity	\$81.1	\$91.1	\$108.7	\$108.7	\$123.0
Total Debt/Total Cap.	0%	0%	0%	0%	0%

(1) Adjusted for offering costs  
(2) Assumes a tax rate of 34%

Comparable Analysis	ADGO
Stock Price	\$18
Market Cap. (\$ mil)	\$848
1998 P/E	16.7
1999 P/E	12.0

Mid-point of filing range:  
8.5 Yr. Growth Rate  
1998 P/E to 1999 P/E  
1999 P/E to 2000 P/E

ADGO/NASDAQ  
None

ADGO/NASDAQ  
None

ADGO/NASDAQ  
None

ADGO/NASDAQ  
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**CONFIDENTIAL**

UND 00687

**Products**

1. Adams is a leading manufacturer and marketer of a line of premium-quality, technologically innovative fairway woods sold under the Tight Lies brand name. Fairway woods account for 97% of sales.
2. The Tight Lies fairway woods are made out of stainless steel (not titanium) and feature a shallow face, trapezoidal head and low center of gravity. The design of the clubs enhances golfers' ability to hit from a variety of poor lies (rough, fairway bunkers, bare lies) and still achieve good distance. In addition, it is believed that the shallow face also enhances golfers' confidence in their ability to get the ball airborne.
3. The Original Tight Lies (4-Wood) was named the "Breakthrough Product of the Year" in 1996 by the International Network of Golf.

Product	Loft	Time of Introduction	Estimated Percentage of 1Q98 Sales
Original Tight Lies (4-Wood)	15°	Fall 1995	49%
3-Wood	13°	December 1996	27%
5-Wood	19°	December 1996	11%
7-Wood	24°	December 1996	8%
9-Wood	28°	January 1998	2%
Other Clubs <sup>(1)</sup>			3%
			100%

(1) Includes Air Assault Driver and Assault-VM7 irons.

50% of sales from products introduced since 12/96

**Potential New Products**

1. The company is currently developing a driver that incorporates new technology. It is possible that this product could be introduced early in 1999. Our 1999 estimate assumes that a driver produces sales of \$27 million (16% of total sales).
2. Sales of drivers approximate sales of fairway woods for the industry and Callaway, suggesting that a successful driver has the potential to double Adams' sales. In addition, we estimate that Adams will have sold about 1 million fairway woods to 500,000-1,000,000 golfers by the end of 1998. If 50% of those golfers purchase an Adams driver in 1999, driver sales of about \$80 million (versus estimated total sales of \$100 million in 1998) would be generated.
3. The company is also developing a new line of irons.
4. Barney Adams, founder, chairman, CEO and President, developed the Tight Lies technology and continues to lead the company's R&D effort. Richard Murtland, VP-Research and Development, joined the company in 1994 and has extensive engineering experience. Nick Faldo, one of the top golf professionals in the world and a shareholder of Adams Golf, has an endorsement contract and will be actively involved in developing and testing new products. In addition, Adams Golf will utilize two independent consultants. Robert Bush has over 30 years of experience in golf club development, including Director of Technical Services for True Temper, a leading shaft manufacturer. Dr. Michael Carroll is Dean of the School of Engineering at Rice University and has Ph.D. degrees in physics and mathematics and has a single-digit handicap.

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## NationsBank Montgomery Securities

## The Industry and Competitive Environment

1. Golf equipment industry sales are generally believed to be as follows:

## SALES OF GOLF EQUIPMENT

Wholesale  
(\$ millions)

	U.S.	Rest of the World	Total
Drivers	\$600	\$400	\$1,200
Fairway Woods	\$600	\$600	\$1,200
Irons	\$800	\$800	\$1,600
Putter	\$200	\$200	\$400
Other	\$200	\$200	\$400
	\$2,400	\$2,400	\$4,800

2. It is believed that the market in the U.S. and non-Asian foreign markets (65% of foreign) are achieving reasonable growth and Asian markets are currently declining.
3. Fairway woods are the fastest-growing segment of the golf club market as more and more golfers substitute 5-woods, 7-woods and 9-woods for long irons. This trend has been further stimulated by new golf course designs which require golfers to hit high shots on the fly into well-guarded greens. In addition, the use of 7-woods by professionals on the Ladies and Senior PGA Tours are encouraging amateurs to use such clubs.
4. We estimate market shares in the U.S. as follows for the full year of 1998.

## U.S. MARKET SHARES (1)

1998 Estimates

	1998E		1999E	
	Dollar Sales	Units	Dollar Sales	Units
Fairway Woods				
Callaway	23%	18%		
Adams	16%	16%	16%	18%
Taylor-Made	18%	15%		
Orlimar	11%	7%		
Drivers				
Callaway	25%	16%		
Taylor-Made	20%	17%		

(1) Based on NationsBank Montgomery estimates.

5. Adams is very close to being the leader in fairway wood sales in units.
6. We believe that Adams and Orlimar are currently significantly increasing their market shares in fairway woods and that Callaway's market share and dollar sales are declining. We estimate that Callaway's sales of fairway woods will decline about 15% in the U.S. in 1998.
7. Callaway recently reduced wholesale prices on its metalwoods and retail prices for these clubs have declined as follows.

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